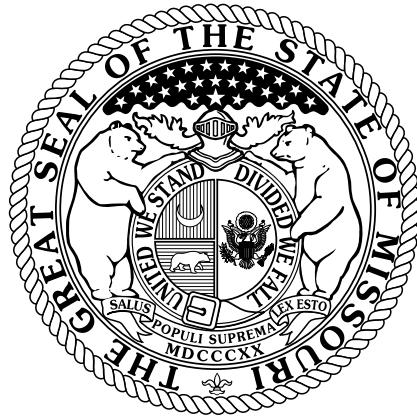


STATE OF MISSOURI

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Fiscal Year Ended June 30, 2003



BOB HOLDEN
Governor

JACQUELYN D. WHITE
Commissioner
Office of Administration

JAMES A. CARDER
Director
Division of Accounting

STATE OF MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2003

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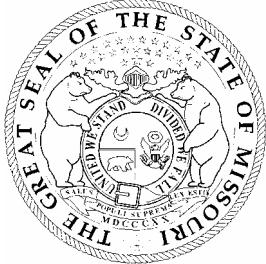
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The Introductory Section includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.

Bob Holden
Governor



Jacquelyn D. White
Commissioner

State of Missouri
OFFICE OF ADMINISTRATION
Post Office Box 809
Jefferson City, Missouri 65102
(573) 751-2971
<http://www.oa.mo.gov/acct>

James A. Carder
Director
Division of Accounting

December 31, 2003

The Honorable Bob Holden
Governor
State of Missouri
State Capitol
Jefferson City, Missouri 65101

Dear Governor Holden:

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report of the State of Missouri for the fiscal year 2003. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents. The report is prepared to show the financial position and operating results of the State. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

Method of Presentation

The report is divided into an Introductory Section, a Financial Section, and a Statistical Section. The Introductory Section contains the transmittal letter, the State organizational chart, and a list of principal officials. The Financial Section is composed of the Auditor's Opinion, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Statistical Section provides various financial, economic, and demographic data about the State.

PROFILE OF THE GOVERNMENT

This report includes funds of various departments, agencies, and other organizational units for which the State is financially accountable. The following criteria were considered in determining financial accountability: appointment of a governing body, ability to impose the State's will on the organization or the organization can provide specific financial benefits to, or impose specific financial burdens on, the primary government. The following organizations are considered component units and are included in the State's reporting entity:

- Board of Public Buildings
- Conservation Employees' Insurance Plan
- Transportation Self-Insurance Plan
- Missouri Consolidated Health Care Plan
- Highway and Transportation Employees' and Highway Patrol Insurance Plan
- Missouri State Employees' Retirement System
- Highway and Transportation Employees' and Highway Patrol Retirement System
- Missouri State Public Employees' Deferred Compensation Commission
- State Colleges and Universities
- Development Finance Board
- Agricultural and Small Business Development Authority
- Fulton 54 Transportation Corporation
- Missouri Transportation Finance Corporation
- Missouri Highway 179 Transportation Corporation
- Missouri Highway 63 Transportation Corporation
- Springfield, MO State Highway Improvement Corporation
- Wentzville Parkway Transportation Corporation

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amounts at the individual appropriation level. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

MAJOR INITIATIVES

Balancing Missouri's budget in fiscal year 2003 was achieved through sound financial management. A conservative consensus revenue estimate was agreed to by the Governor and General Assembly. However, the estimate was revised in December 2002 and May 2003 as the continued effect of the recession, the terrorist attacks, the war in Iraq, and the falling stock market on the State's revenue collections became clearer. Personal income trends indicate that Missouri can expect moderate growth during fiscal year 2004. In future years, Missouri will continue to focus on controlling the growth of mandatory programs through various cost-effective alternatives. Major funding priorities include education, health care, correctional facilities, and economic development.

FINANCIAL INFORMATION

The State's financial statements have been prepared using the financial reporting model set forth by the Governmental Accounting Standards Board Statement No. 34. This is explained further in the Management's Discussion and Analysis (MD&A) in this report. Other necessary disclosures are included in the notes to the financial statements.

The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve part of the appropriation, is employed for purposes of budgetary control and contract compliance. Encumbrances at year end do not constitute expenditures or liabilities.

Tax Limitation

Article X, Sections 16-24 of the Constitution of Missouri (the "Tax Limitation Amendment"), imposes a limit on the amount of taxes which may be imposed by the General Assembly in any fiscal year. This limit is tied to total State revenues for fiscal year 1981, as defined in the Tax Limitation Amendment and adjusted annually, in accordance with the formula set forth in the amendment which is tied to increases in the personal income of Missouri for certain designated periods. If the revenue limit is exceeded by 1% or more in any fiscal year, the excess revenue will be refunded pro-rata based on the liability reported on State income tax returns. If the excess revenue collected is less than 1% of the revenue limit, the excess revenue shall be transferred to the General Revenue Fund. The revenue limit can be exceeded by a constitutional amendment duly adopted by the people or if the General Assembly approves by a two-thirds vote an emergency declaration by the Governor.

Strong economic growth resulted in revenues above the total state revenue limit in fiscal years 1995 through 1999. The State has refunded to Missouri income taxpayers the entire \$978.7 million in excess revenue for those years. All Article X refunds were initially paid from the General Revenue Fund and various other funds reimbursed their share of the refund liability through operating transfers to the General Revenue Fund as appropriated by the General Assembly. The total amount reimbursed from other funds is \$168.1 million. However, in the fiscal years 2000-2003, the State was well below the revenue limit. Currently, revenue is under the limit by more than \$1 billion.

The Missouri Merchants and Manufacturer's Association filed a lawsuit to obtain a judicial determination of certain issues relative to this calculation. The lawsuit (Missouri Merchants and Manufacturer's Association et al v. State of Missouri Case No. 99-CV-323530) was remanded with instructions to the Circuit Court of Cole County after an appeal to the Missouri Supreme Court. In fiscal year 2003, \$6 million of Article X refunds relating to prior years revenue receipts were paid based on the Cole County Circuit Court decision regarding the treatment of refundable tax credits in the total state revenue calculation.

The Missouri Merchants and Manufacturer's Association filed an additional lawsuit to obtain a judicial determination of certain issues relative to this calculation. The lawsuit (Missouri Merchants and Manufacturer's Association et al v. State of Missouri, Case No. 00-CV-325457) was dismissed on April 22, 2002.

Proprietary Operations

The State has several significant proprietary entities which contribute a vital part of governmental services. The Board of Public Buildings operates and maintains certain State buildings. The State Lottery Commission oversees the lottery operations and controls. The Department of Labor and Industrial Relations pays benefits based on the Unemployment Compensation Law. The Development Finance Board is authorized to make loans for projects that benefit the economy or infrastructure of the State and its political subdivisions. The Petroleum Storage Tank Insurance provides insurance against leakage from underground storage tanks. Transportation Corporations promote and develop public transportation facilities and systems by new and alternative means.

Pension Plans

The State has two retirement systems, the Missouri State Employees' Retirement System (MOSERS) and the Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS). Total assets of MOSERS and HEHPRS at June 30, 2003, were \$6,743,389,000 and \$1,263,175,000, respectively. The net pension obligation for MOSERS at June 30, 2003, was \$96,516,000. There was no net pension obligation for HEHPRS at June 30, 2003. The State sponsors the Missouri State Employees' Deferred Compensation Incentive Plan which had total assets of \$112,945,000 at June 30, 2003.

Debt Administration

The amount of general obligation debt that can be issued by the State is limited to the amount approved by popular vote plus the amount of \$1 million. The State's general obligation debt limit at June 30, 2003, was \$1,776,000,000 of which \$336,505,760 was unissued. The general obligation debt position of the State at June 30, 2003, was as follows:

General obligation bonded debt (net of amount available in governmental funds)	\$ 860,730,000
Debt per capita for general obligation debt	\$ 151.06

During fiscal year 2003, \$52,155,000 of the bonds were retired and \$45,000,000 of new bonds were issued. At year end, the total general obligation debt outstanding was \$900,745,000 and the interest rate range was 3.0-7.0%.

The State's general obligation bond issues received triple "A" ratings from Moody's Investors Service, Inc., Standard & Poor's Ratings Group, and Fitch IBCA, Inc.

Cash Management

During the year, cash from the various State funds is invested by the State Treasurer. Most of these funds' cash balances are pooled for investment purposes. The State also invests its "float" which increases the earning power. Cash was invested in time deposits with maturities ranging from 30 to 1,096 days, in U.S. Treasury and federal agency securities with maturities ranging from 1 to 1,826 days, in repurchase agreements with maturities ranging from 1 to 90 days, and in commercial paper with maturities ranging from 1 to 90 days. At June 30, 2003, these investments consisted of:

	Amount	Interest Rates	Market Value
Time Deposits	\$ 326,995,334	0.90 – 3.151%	\$ 326,995,334
Treasurer and Agency Securities	1,689,789,228	1.171 – 5.777%	1,700,608,829
Repurchase Agreements	361,795,000	1.21%	361,795,000
Commercial Paper	516,971,919	1.055 – 1.288%	516,975,345

The average yield on maturing investments during the year was 2.19% and the amount of interest earned was \$59,579,598.

The State attempts to minimize credit and market risks while maintaining a competitive yield on its investments. Approximately 82% of investments held by the State and subject to risk categorization at June 30, 2003, are classified in the lowest risk category as defined by the Governmental Accounting Standards Board. All deposits invested by the State Treasurer are either insured by federal depository insurance or collateralized.

Risk Management

The State currently assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for Workers' Compensation Fund and Second Injury Fund benefits
- Claims of State employees, covered under the Conservation Employees' Insurance Plan and the Highway and Transportation Employees' and Highway Patrol Insurance Plan, for medical insurance
- Liability claims against the State or its agencies for the dangerous conditions of property and operation of motor vehicle and watercraft
- Liability claims actionable under the law that parties may file against the State, its officials, employees, or appointees

The State maintains the Legal Expense Fund which purchases insurance coverage for:

- Aircraft liability and hull insurance
- Faithful performance employee bond

The State purchases insurance coverage through various funds for:

- Group life insurance
- Long-term disability insurance
- Medical insurance

OTHER INFORMATION

Independent Audit

An annual audit of the general purpose financial statements is completed each year by the State of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds.

Acknowledgements

We wish to express our sincere appreciation to the staff of the various State agencies and other organizational units, who provided necessary financial information. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, and numerous other State agencies. We would like to convey a special thanks to the State Printing Center for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

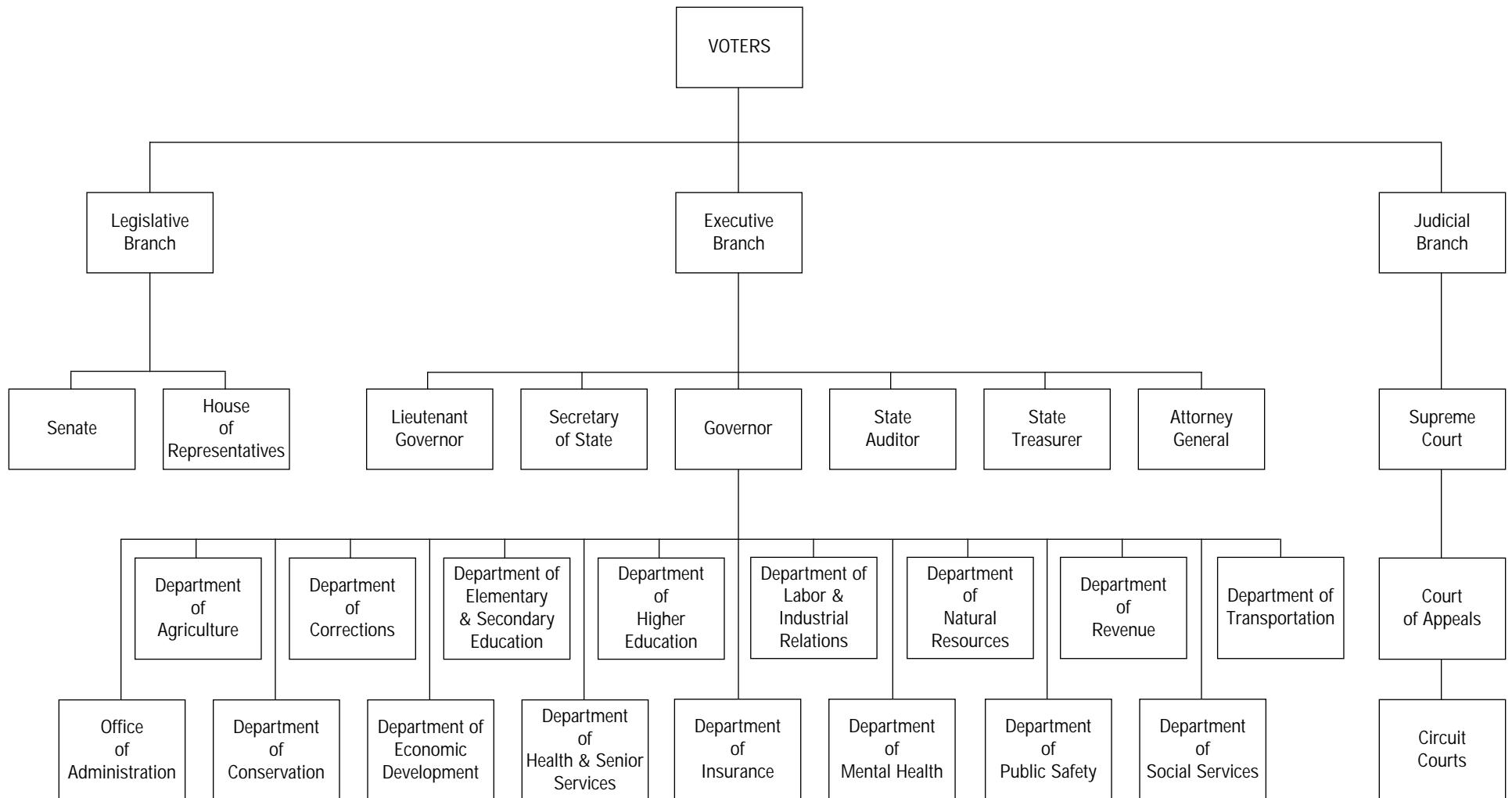
A handwritten signature in black ink, appearing to read "James A. Carder".

James A. Carder, Director
Division of Accounting

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2003



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2003

EXECUTIVE

Bob Holden
Governor

Joe Maxwell
Lieutenant Governor

Matt Blunt
Secretary of State

Claire McCaskill
State Auditor

Nancy Farmer
State Treasurer

Jeremiah W. (Jay) Nixon
Attorney General

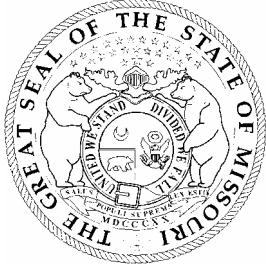
LEGISLATIVE

Peter Kinder
President Pro Tem of the Senate

Catherine Hanaway
Speaker of the House of Representatives

JUDICIAL

Stephen N. Limbaugh, Jr.
Chief Justice of the Supreme Court



The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.



CLAIRE C. McCASKILL Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Bob Holden, Governor
and
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2003, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan, which represents 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represents 60 percent and 58 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension trust funds and the Public Employees' Deferred Compensation Plan, which represents 94 percent and 95 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied by the Director of Revenue based on her interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 28 percent of governmental activity revenues are from this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented the Government Accounting Standards Board statement Number 38, *Certain Financial Statement Note Disclosures, paragraphs 12 and 13.*

In accordance with *Government Auditing Standards*, our report on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants is issued under separate cover in the Single Audit Report. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

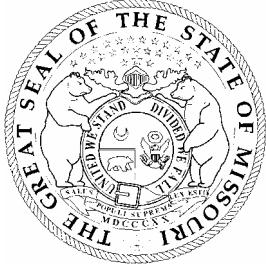
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and except for the effects, if any, of the matter discussed in paragraph three, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with "Claire" on top and "McCaskill" below it.

Claire McCaskill
State Auditor

December 19, 2003 (fieldwork completion date)



The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.

Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (the State's) financial activities for the fiscal year ended June 30, 2003. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

HIGHLIGHTS

Highlights of fiscal year 2003 include:

- continued increased funding for the school foundation formula for local schools;
- investments in operating costs for new prisons;
- funding for a prescription drug plan for the elderly;
- an intensive core budget review resulting in \$687 million in core cuts or redirections in fiscal year 2003.

In fiscal year 2003, Missouri invested a total of \$101 million in its capital assets with appropriations for construction and maintenance projects throughout the State. Missouri also invested \$1.127 billion in road and bridge construction and maintenance as part of a long-range plan to improve highways using State gasoline tax revenues and matching federal dollars.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the State's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the State's financial position.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

Governmental Activities are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

Business-Type Activities are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing and operating State park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, insurance coverage, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund.

Discretely Presented Component Units are operations for which the State has financial accountability, but are legally separate. They include colleges and universities, the Development Finance Board, Agricultural and Small Business Development Authority, and various highway transportation corporations.

Fund financial statements:

A *fund* is a group of related accounts that is used to keep track of specific activities or objectives. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources, as well as on balances that can be converted to cash and the balances left at year-end that are available for future spending. Such information may be useful in evaluating a government's financing requirements in the near future.

Governmental funds include the General Fund, special revenue, capital projects, debt service, and permanent funds. Of these, the General Fund, Public Education, Conservation and Environmental Protection, Transportation and Law Enforcement, and the State Road Fund are shown as major funds and are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

In order for the user to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison between governmental funds and governmental activities is provided on the page immediately following each governmental fund financial statement.

Proprietary funds. The State maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The State uses enterprise funds to account for activities that provide supplies and services to the general public. These include constructing and operating State park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health-care plans, as well as administrative services for other State agencies, such as fleet management and data processing and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including a budgetary comparison schedule.

The combining statements referred to earlier concerning non-major governmental funds, non-major enterprise funds, and internal service funds are presented in supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State of Missouri completed fiscal year 2003 with a balanced budget. Net general revenue collections in fiscal year 2003 were \$5,926 million, 4.6% lower than fiscal year 2002 collections. Net general revenue collections were lower than the original estimate of \$6,568.7 million.

The fiscal year 2004 budget approved by the general assembly assumes net general revenue collections of \$6,227 million. This would require growth of 5.1% over fiscal year 2003.

As a major manufacturing, financial, and agricultural State, Missouri's economic health is tied closely to that of the nation. The economic outlook is for a slowly growing economy in fiscal year 2004. Missouri's personal income, which directly impacts individual income tax and sales tax, rose at a 2.8% rate during calendar year 2002. Missouri's employment stood at 2,816,812 in June 2003. The State seasonably adjusted unemployment rate was 5.7% in June 2003 compared to 5.6% in June 2002. The national rate was 6.4% in June 2003.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2003	2002*	2003	2002*	2003	2002*
ASSETS:						
Current and Other Assets	\$ 5,232,325	\$ 5,084,813	\$ 290,319	\$ 547,706	\$ 5,522,644	\$ 5,632,519
Capital Assets, Net	27,033,758	26,707,575	34,772	35,510	27,068,530	26,743,085
<i>Total Assets</i>	<i>32,266,083</i>	<i>31,792,388</i>	<i>325,091</i>	<i>583,216</i>	<i>32,591,174</i>	<i>32,375,604</i>
LIABILITIES:						
Long-Term Liabilities						
Outstanding	3,123,575	2,874,762	228,036	202,992	3,351,611	3,077,754
Other Liabilities	1,386,139	1,649,407	16,005	30,619	1,402,144	1,680,026
<i>Total Liabilities</i>	<i>4,509,714</i>	<i>4,524,169</i>	<i>244,041</i>	<i>233,611</i>	<i>4,753,755</i>	<i>4,757,780</i>
NET ASSETS:						
Invested in Capital Assets,						
Net of Related Debt	26,787,048	26,345,659	34,772	35,510	26,821,820	26,381,169
Restricted	1,048,718	998,138	113,109	358,666	1,161,827	1,356,804
Unrestricted	(79,397)	(75,578)	(66,831)	(44,571)	(146,228)	(120,149)
<i>Total Net Assets</i>	<i>\$ 27,756,369</i>	<i>\$ 27,268,219</i>	<i>\$ 81,050</i>	<i>\$ 349,605</i>	<i>\$ 27,837,419</i>	<i>\$ 27,617,824</i>

*Fiscal year 2002 amounts have been restated.

STATEMENT OF ACTIVITIES

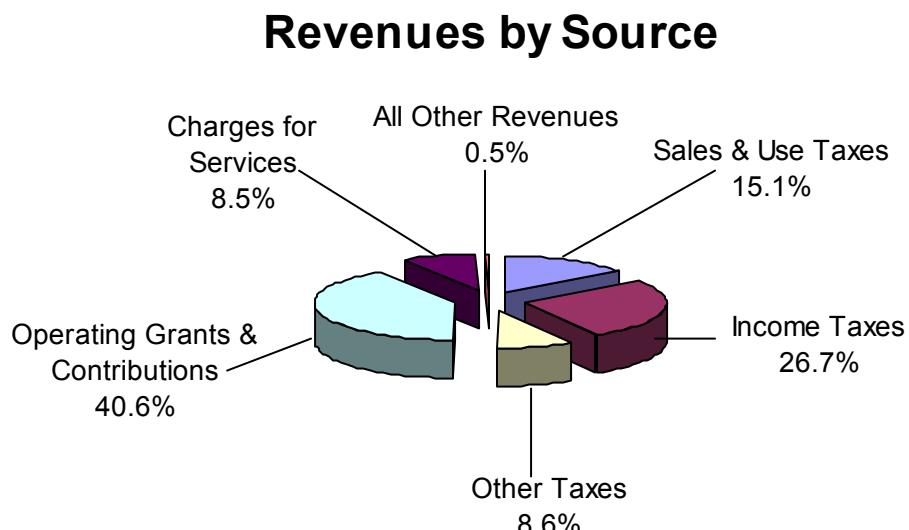
	Governmental Activities		Business-Type Activities		Total	
	2003	2002*	2003	2002*	2003	2002*
REVENUES:						
Program Revenues:						
Charges for Services	\$ 1,514,807	\$ 1,699,806	\$ 784,075	\$ 639,070	\$ 2,298,882	\$ 2,338,876
Operating Grants and Contributions	7,195,302	6,425,450	507,832	524,808	7,703,134	6,950,258
Capital Grants and Contributions	9,370	7,722	---	---	9,370	7,722
General Revenues:						
Sales and Use Taxes	2,668,522	2,493,521	---	---	2,668,522	2,493,521
Income Taxes	4,733,323	4,555,621	---	---	4,733,323	4,555,621
Unemployment and Other Taxes	1,528,952	1,360,717	---	---	1,528,952	1,360,717
Other Revenues	70,564	95,616	16,155	24,770	86,719	120,386
<i>Total Revenues</i>	<u>17,720,840</u>	<u>16,638,453</u>	<u>1,308,062</u>	<u>1,188,648</u>	<u>19,028,902</u>	<u>17,827,101</u>
EXPENSES:						
General Government	569,005	871,910	---	---	569,005	871,910
Education	5,302,896	5,298,468	---	---	5,302,896	5,298,468
Natural and Economic Transportation and Law Enforcement	484,046	818,268	---	---	484,046	818,268
Human Services	1,858,112	1,909,275	---	---	1,858,112	1,909,275
State Lottery	8,490,784	8,093,552	---	---	8,490,784	8,093,552
Unemployment Compensation	---	---	521,340	433,265	521,340	433,265
Petroleum Storage Tank	---	---	747,531	642,045	747,531	642,045
All Other Expenses	728,511	698,630	58,070	52,556	786,581	751,186
<i>Total Expenses</i>	<u>17,433,354</u>	<u>17,690,103</u>	<u>1,375,953</u>	<u>1,153,781</u>	<u>18,809,307</u>	<u>18,843,884</u>
Increase (Decrease) in Net Assets before Transfers						
Contributions and Transfers	287,486	(1,051,650)	(67,891)	34,867	219,595	(1,016,783)
<i>Transfers</i>	<u>200,664</u>	<u>156,012</u>	<u>(200,664)</u>	<u>(156,012)</u>	<u>---</u>	<u>---</u>
Change in Net Assets	488,150	(895,638)	(268,555)	(121,145)	219,595	(1,016,783)
<i>Net Assets—July 1</i>	<u>27,268,219</u>	<u>28,163,857</u>	<u>349,605</u>	<u>470,750</u>	<u>27,617,824</u>	<u>28,634,607</u>
<i>Net Assets—June 30</i>	<u><u>\$ 27,756,369</u></u>	<u><u>\$ 27,268,219</u></u>	<u><u>\$ 81,050</u></u>	<u><u>\$ 349,605</u></u>	<u><u>\$ 27,837,419</u></u>	<u><u>\$ 27,617,824</u></u>

*Fiscal year 2002 amounts have been restated.

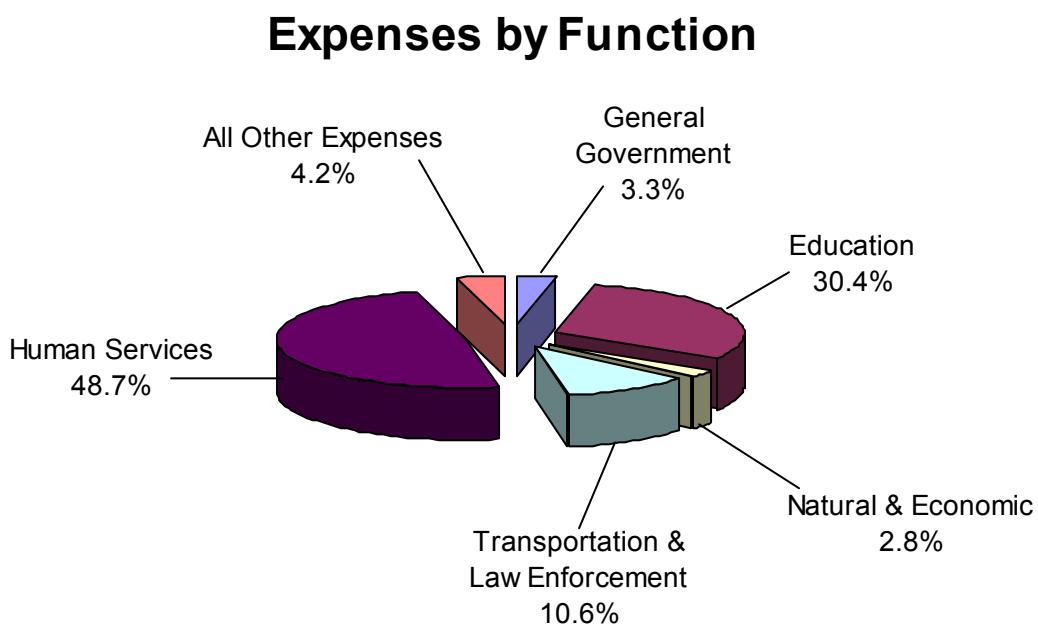
Governmental Activities:

Governmental activities increased the State's net assets by \$488 million due to increases in individual income tax revenue, donations, and contributions from the federal government and decreases in general government and natural and economic expenditures. Individual income taxes increased by \$200 million and donations and contributions from the federal government increased by \$772 million. General government and natural and economic expenditures decreased by \$637 million which was offset by \$397 million increase of human service expenditures.

The following chart depicts revenues of the governmental activities for the fiscal year:



The following chart depicts expenses of the governmental activities for the fiscal year:

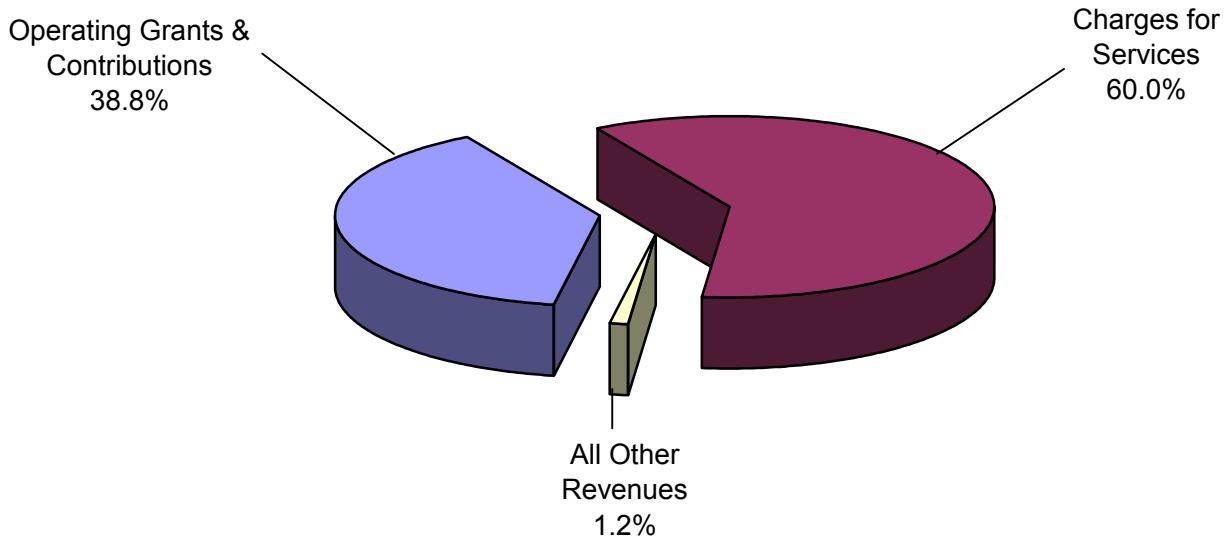


Business-Type Activities:

Net assets of the business-type activities decreased by \$269 million during the fiscal year. Factors contributing to these results include increased spending for unemployment compensation and a decline in revenues from operating grants and other revenues.

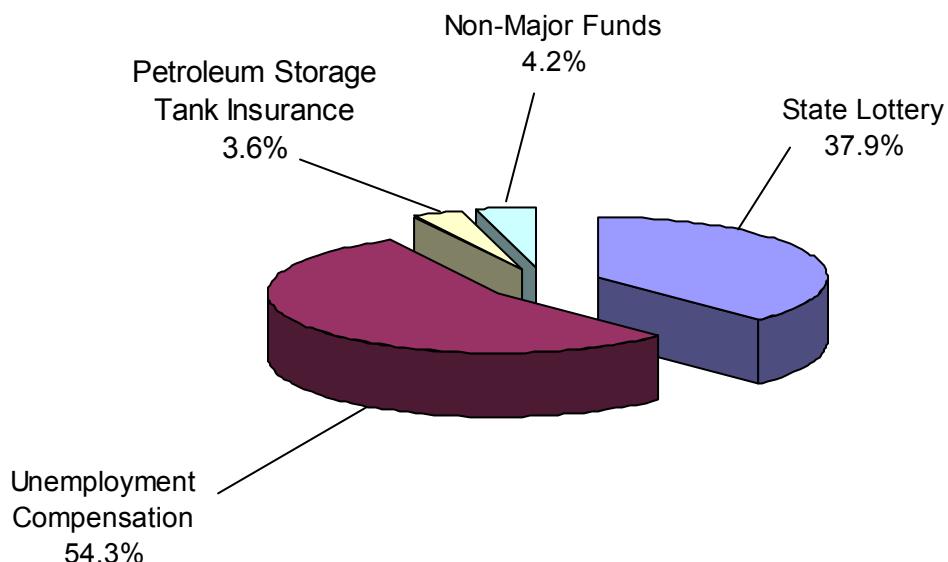
The following chart depicts revenues of the business-type activities for the fiscal year:

Revenues by Source



The following chart depicts expenses of the business-type activities for the fiscal year:

Expenses by Fund



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with statutory requirements for financial reporting.

Governmental Funds:

As of the end of fiscal year 2003, the State's governmental funds reported combined ending fund balances of \$3.16 billion, an increase of \$67.7 million over fiscal year 2002. Approximately 62.9% of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other restricted purposes.

The general fund is the chief operating fund of the State. At the end of fiscal year 2003, unreserved fund balance of the general fund was \$476.8 million, while total fund balance reached \$1.0 billion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.2% of the total general fund expenditures, while total fund balance represents 9.1% of that same amount.

The fund balance of the general fund increased by \$127 million during fiscal year 2003. Total revenues for the general fund increased \$496 million. A key factor was an increase in contributions and intergovernmental revenue of \$731 million from fiscal year 2002. Total general fund expenditures increased by \$1.3 billion. This is the result of an increase in human services expenditures of \$487 million and an increase in education expenditures of \$700 million, while other expenditure categories showed lesser increases. The rate at which expenditures increased was limited through the Governor's use of withholdings as needed to match the revised revenue estimates and maintain a balanced budget.

Major Special Revenue Fund categories include Public Education, Conservation and Environmental Protection, and Transportation and Law Enforcement. The State Road Fund is a major Capital Projects Fund.

The Public Education Fund category provides general and special education needs of the State and other related areas such as library services and student loans. Total fund balance decreased by \$124 million due to an increase in expenditures.

Conservation and Environmental Protection Fund category provides for the preservation of the State's wildlife and environment. The fund balance increased by \$98 million due to increases in taxes and contributions and intergovernmental revenue. Fund balance in the amount of \$437 million is reserved for loans receivable.

Transportation and Law Enforcement Fund category provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety. The fund balance decreased by \$23 million due to an increase in transfers to the State Road Fund.

The State Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The fund balance decreased by \$136 million in fiscal year 2003 due to a decrease in contributions and intergovernmental revenue and an increase in debt service expenditures.

Fund balances for governmental funds are as follows:

	Conservation and Environmental Protection			Transportation and Law Enforcement		
	General Fund	Public Education	Environmental Protection	State Road	Non- Major	Total
Unreserved	\$ 476,825	\$ 176,322	\$ 418,396	\$ 109,456	\$ 283,236	\$ 1,990,028
Reserved	557,217	58	437,587	7,052	25,750	146,650
Total	\$ 1,034,042	\$ 176,380	\$ 855,983	\$ 116,508	\$ 308,986	\$ 3,164,342

Proprietary Funds:

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery accounts for the sale of lottery tickets and all other moneys credited or transferred to this fund. The Unemployment Compensation accounts for contributions and payments collected under the provision of the "Unemployment Compensation Law" to pay benefits. The Petroleum Storage Tank Insurance fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

The State Lottery net assets increased by \$5 million due to increased sales and other revenues.

The Unemployment Compensation net assets decreased by \$251 million due to additional payments for benefits and a decrease in contributions and intergovernmental revenues. Net assets in the amount of \$97 million are restricted for unemployment compensation.

The Petroleum Storage Tank Insurance Fund balance decreased by \$24 million due to insufficient fees collected to cover the estimated claims liability for clean up of petroleum storage tank leaks.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to appropriations.

Budgeted appropriations for fiscal year 2003 from the general fund were \$15,283 million original budget and \$15,257 million revised budget. Actual spending was \$14,436 million. The two main reasons for the difference were decreased spending as a result of withholdings of \$450.1 million and increased spending of \$88.2 million, mainly on mandatory Medicaid costs, through the supplemental spending bill. The withholdings were put in place not only to deal with the projected revenue shortfall, but also to make sure sufficient funds were available to pay the mandatory supplemental costs.

Budgeted revenues/transfers in for fiscal year 2003 for the general fund was \$14,514 million original budget and \$14,122 million revised budget. Actual revenue/transfers in was \$14,469 million. The main reasons for the difference were:

- A second year of weak stock market performance.
- Continued weakness in the national economy made worse by concerns over the Iraq situation.
- Lingering weakness in the Missouri airline and aerospace industries stemming from the September 11, 2001 terrorist attack.

Refer to the Notes to RSI, Budgetary Reporting, for more information on budgetary variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The State's investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounts to \$27,068,530 (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure. The total increase in the State's investment in capital assets for the current fiscal year was 1.2%.

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 686,489	\$ 2,590	\$ 689,079
Infrastructure in Progress	2,563,943	---	2,563,943
Land	2,336,674	10,563	2,347,237
Land Improvements	76,877	3,405	80,282
Buildings and Improvements	1,865,267	15,999	1,881,266
Equipment	1,108,724	44,644	1,153,368
Infrastructure	<u>36,638,118</u>	---	<u>36,638,118</u>
Total	<u>\$ 45,276,092</u>	<u>\$ 77,201</u>	<u>\$ 45,353,293</u>

Additional information on capital assets can be found in *Note 5* of this report.

Long-term debt. At the end of fiscal year 2003, the State had total bonded debt outstanding of \$3.2 billion. Of this amount, \$900.7 million comprises debt backed by the full faith and credit of the government.

During fiscal year 2003, \$514,180,000 of General Obligation Refunding Bonds were issued to refund \$530,075,000 of General Obligation Bonds and to take advantage of lower interest rates. New General Obligation Bonds and Other Revenue Bonds were issued in the amounts of \$45,000,000 and \$387,425,000, respectively. Principal amounts retired in fiscal year 2003 were \$52,155,000 for General Obligation Bonds and \$30,885,000 for Other Revenue Bonds.

	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 900,745	\$ ---	\$ 900,745
Other Bonds	<u>1,410,955</u>	<u>835,280</u>	<u>2,246,235</u>
Total	<u>\$ 2,311,700</u>	<u>\$ 835,280</u>	<u>\$ 3,146,980</u>

Additional information on long-term debt can be found in *Notes 12 and 13* of this report.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The outlook for general revenue growth for fiscal year 2004 and beyond remains guarded. This is because there are several factors that will negatively impact general revenue. These include:

- A decline in general revenue due to the Jobs and Growth Tax Relief Reconciliation Act of 2003.
- Uncertainty over the magnitude and timing of tax credit utilization.
- Additional uncertainty with respect to the pace of the national economic recovery in general and the growth in stock prices in particular.
- International Relations – A terrorist attack against the United States or its interests or a disruption in world oil markets could seriously inhibit economic growth and lead to reduced state general revenue collections.

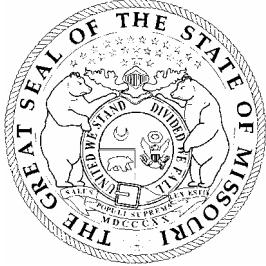
In summary, while general revenue collections are expected to stabilize in fiscal year 2004 and beyond, there remains substantial risk.

Events taking place after the State's fiscal year end include:

- The Governor asked for drought relief from the U.S. Department of Agriculture for 39 counties in Missouri. Farmers are facing crop and livestock losses for the second straight year because of drought conditions.
- The Missouri Department of Economic Development's Division of Workforce Development was notified in July that National Emergency Grant funds had been approved for approximately 340 workers dislocated from the St. Louis area, and approximately 800 workers in the south central and mid-Missouri regions.
- A disaster recovery fund was created by the Department of Economic Development to help provide long term relief to communities, businesses, and families that sustained damages from a series of tornadoes and severe storms last May. More than 70 counties were designated as disaster areas by the Federal Emergency Management Agency.
- State tax credits will be given to community-based organizations throughout the State to help raise funds for projects that strengthen and revitalize Missouri neighborhoods.
- After 26 years of costly litigation, the Kansas City School District's \$2 billion federal desegregation case ended in September.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



The Basic Financial Statements include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements and the accompanying notes to the statements.

STATE OF MISSOURI
COMBINED STATEMENT OF NET ASSETS
June 30, 2003
(In Thousands of Dollars)

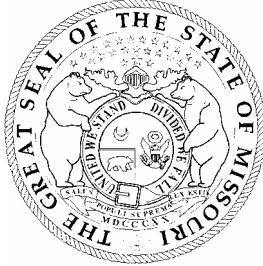
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents (Note 3)	\$ 2,744,733	\$ 83,012	\$ 2,827,745	\$ 373,705
Investments (Note 3)	96,543	95,243	191,786	1,285,129
Receivables, Net (Note 15)	2,081,692	129,264	2,210,956	434,325
Internal Balances	18,571	(18,571)	---	---
Inventory	65,153	1,220	66,373	35,858
Deposits and Prepaid Expenses	16	36	52	23,634
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	194,102	---	194,102	86,415
Investments (Note 3)	---	---	---	40,581
Deferred Costs and Other Assets	31,515	---	31,515	22,280
Assets Held for Resale	---	115	115	---
Capital Assets, Net (Note 5)	<u>27,033,758</u>	<u>34,772</u>	<u>27,068,530</u>	<u>2,724,107</u>
Total Assets	<u>32,266,083</u>	<u>325,091</u>	<u>32,591,174</u>	<u>5,026,034</u>
Liabilities				
Bank Overdraft (Note 3)	3	---	3	---
Payables (Note 15)	1,280,154	15,396	1,295,550	419,867
Securities Lending Collateral (Note 3)	---	---	---	44,148
Deferred Revenue	105,982	609	106,591	76,168
Long-Term Liabilities (Note 12):				
Due within one year	332,537	61,205	393,742	48,645
Due in more than one year	<u>2,791,038</u>	<u>166,831</u>	<u>2,957,869</u>	<u>835,936</u>
Total Liabilities	<u>4,509,714</u>	<u>244,041</u>	<u>4,753,755</u>	<u>1,424,764</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	26,787,048	34,772	26,821,820	1,994,891
Restricted for:				
Budget Reserve	463,003	---	463,003	---
Debt Service	107,746	---	107,746	---
Loans Receivable	439,991	---	439,991	---
Unemployment Compensation	---	97,025	97,025	---
Permanent Trusts:				
Expendable	88	---	88	---
Non-Expendable	37,890	---	37,890	---
Colleges and Universities:				
Expendable	---	---	---	202,692
Non-Expendable	---	---	---	627,942
Other Purposes	---	16,084	16,084	3,560
Unrestricted	<u>(79,397)</u>	<u>(66,831)</u>	<u>(146,228)</u>	<u>772,186</u>
Total Net Assets	<u>\$ 27,756,369</u>	<u>\$ 81,050</u>	<u>\$ 27,837,419</u>	<u>\$ 3,601,271</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:								
Governmental Activities:								
General Government	\$ 569,005	\$ 781,127	\$ 141,028	\$ ---	\$ 353,150	\$ ---	\$ 353,150	\$ ---
Education	5,302,896	26,304	846,887	---	(4,429,705)	---	(4,429,705)	---
Natural and Economic	484,046	150,959	312,276	---	(20,811)	---	(20,811)	---
Transportation and Law Enforcement	1,858,112	105,724	1,032,526	---	(719,862)	---	(719,862)	---
Human Services	8,490,784	449,511	4,862,585	9,370	(3,169,318)	---	(3,169,318)	---
Intergovernmental	619,371	---	---	---	(619,371)	---	(619,371)	---
Interest on Debt	109,140	1,182	---	---	(107,958)	---	(107,958)	---
Total Governmental Activities	17,433,354	1,514,807	7,195,302	9,370	(8,713,875)	---	(8,713,875)	---
Business-Type Activities:								
State Lottery Fund	521,340	725,308	---	---	203,968	203,968	---	---
Unemployment Compensation Fund	747,531	---	487,236	---	(260,295)	(260,295)	---	---
Petroleum Storage Tank Insurance	49,012	24,582	---	---	(24,430)	(24,430)	---	---
Non-Major Funds	58,070	34,185	20,596	---	(3,289)	(3,289)	---	---
Total Business-Type Activities	1,375,953	784,075	507,832	---	(84,046)	(84,046)	---	---
Total Primary Government	\$ 18,809,307	\$ 2,298,882	\$ 7,703,134	\$ 9,370	(8,713,875)	(84,046)	(8,797,921)	---
Component Units:								
Colleges and Universities	\$ 2,430,852	\$ 1,330,125	\$ 1,159,889	\$ 54,308	---	---	---	113,470
Non-Major Component Units	10,556	7,548	11,986	---	---	---	---	8,978
Total Component Units	\$ 2,441,408	\$ 1,337,673	\$ 1,171,875	\$ 54,308	---	---	---	122,448
General Revenues:								
Taxes:								
Sales and Use			2,668,522	---	2,668,522	---	---	---
Individual Income			4,368,053	---	4,368,053	---	---	---
Corporate Income			365,270	---	365,270	---	---	---
County Foreign Insurance			156,289	---	156,289	---	---	---
Alcoholic Beverage			26,793	---	26,793	---	---	---
Corporate Franchise			69,660	---	69,660	---	---	---
Inheritance			81,270	---	81,270	---	---	---
Miscellaneous Taxes			1,194,940	---	1,194,940	---	---	---
Grants and Contributions not Restricted to Specific Programs			4,304	---	4,304	20,254		
Unrestricted Investment Earnings			68,982	16,115	85,097	81,629		
Gain (Loss) on Sale of Capital Assets			(2,722)	40	(2,682)	(3,300)		
Transfers			200,664	(200,664)	---	---	---	---
Total General Revenues and Transfers			9,202,025	(184,509)	9,017,516	98,583		
Change in Net Assets			488,150	(268,555)	219,595	221,031		
Net Assets - Beginning			27,268,219	349,605	27,617,824	3,380,240		
Net Assets - Ending			\$ 27,756,369	\$ 81,050	\$ 27,837,419	\$ 3,601,271		

The notes to the financial statements are an integral part of this statement.



*The **Governmental Funds** focus on current financial resources.*

Governmental Fund Financial Statements

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

See the General Fund Combining Statements presented as part of Supplementary Information for listings of all funds included in the General Fund.

Major Special Revenue Fund Categories:

Public Education – Provide general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – Provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas. See the following pages for a listing of the individual funds that make up our Major Special Revenue Fund categories.

Major Capital Projects Fund:

State Road – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

Non-Major Funds

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

Special Revenue – Public Education: Provides general and special education needs of the State and other related areas such as library services and student loans.

Marguerite Ross Barnett Scholarship – Accounts for money refunded from scholarships to be reissued.

School District Bond – Accounts for moneys to be used by the Missouri Health and Educational Facilities Authority for the issuance of school district bonds.

Missouri Student Grant Program Gift – Accounts for moneys received from private sources to be used for student grants.

School Building Revolving – Accounts for moneys transferred from the Gaming Proceeds for Education Fund to be used for loans to school districts for specific capital improvement projects.

Gaming Proceeds for Education – Accounts for proceeds of taxes paid and interest earned from taxes paid on the gross receipts of excursion boat gambling to be used for education.

Outstanding Schools Trust – Accounts for moneys to be used to revise the mechanism which distributes basic state aid to schools and for various education programs.

Bingo Proceeds for Education – Accounts for fees and taxes collected relating to bingo to be used for education.

Lottery Proceeds – Accounts for the net proceeds from the State Lottery to be used for public institutions of elementary, secondary and higher education.

Missouri Community College Job Training Program – Accounts for moneys to be used for the New Jobs Training Program administered by the Department of Economic Development.

Professional and Practical Nursing Student Loan and Nurse Loan Repayment – Moneys will be used to make student loans to nursing students and for the repayment of principal and interest for students who work in specified areas of nursing.

Video Instructional Development and Educational Opportunity – Accounts for sales tax revenues on rental of sound or picture transcriptions and used for instructional television programming.

Missouri Job Development – Accounts for moneys from any source and used for vocational training or retraining.

State School Money – Accounts for funds distributed to public school districts.

Department of Social Services Educational Improvement – Accounts for moneys from the Department of Elementary and Secondary Education and is used for school foundation money for children placed in Division of Youth Services' custody.

State Seminary Money – Accounts for interest earnings to be spent for maintenance of the State university.

State Guaranty Student Loan – Accounts for funds from any source to assist students in financing their education.

Excellence in Education – Accounts for moneys to be spent for education programs.

Missouri Prospective Teachers Loan – Accounts for funds from any source to assist students in financing their education to become teachers.

Fair Share – Accounts for additional tax on cigarettes for distribution to schools.

School District Trust – Accounts for sales tax moneys to be distributed to the public school districts of the State.

GEAR UP Scholarship – Accounts for moneys to be used for awarding scholarships who meet the requirements of the GEAR UP for Education Program.

Schools for the Future – Accounts for moneys received as a result of the amnesty program to be transferred to the State Schools Money Fund, and subsequently paid out to school districts as part of the monthly school foundation formula.

Library Networking – Accounts for bequests received to be used for library networking expenses.

Student Grant – Accounts for moneys used to provide financial aid to eligible students.

Academic Scholarship – Accounts for moneys to be used to provide scholarships based on academic ability.

Bridge Scholarship – Accounts for moneys transferred from General Revenue to fund scholarships of up to \$1,500 for eligible students who demonstrate financial need.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Recall Account – Accounts for Federal recalled reserve funds. The Coordinating Board for Higher Education will transfer an amount equal to 20% of the total recalled reserve to this fund. These funds cannot be withdrawn without the U.S. Department of Education's written approval.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account – Accounts for moneys earned on and transferred from the U.S. Department of Education P.L. 105-33 Recall Account Fund. The moneys are used for the sole purpose of performing default reduction activities applicable to the Title IV student loan programs.

Advantage Missouri Trust – Accounts for moneys to provide loans and loan forgiveness programs.

Missouri College Guarantee – Accounts for moneys transferred from the Gaming Commission Fund to be used by the Coordinating Board for Higher Education for awarding scholarships to eligible students.

Early Childhood Development Education and Care – Accounts for moneys transferred from the Gaming Commission Fund to be used for programs that prepare children for kindergarten.

Kids Chance Scholarship – Accounts for moneys transferred from the Workers' Compensation Fund to be used for children of job injured workers.

Guaranty Agency Operating – Accounts for moneys transferred from the State Guaranty Student Loan Fund to be used for administrative purposes.

Federal Student Loan Reserve – To account for moneys to pay lender claims.

Secretary of State – Wolfner State Library – Accounts for moneys to be used to ensure library services to the eligible blind and physically handicapped residents of the State.

Special Revenue – Conservation and Environmental Protection: Provides for the preservation of the State's wildlife and environment.

Missouri Air Emission Reduction – Accounts for fees collected under the Emissions Inspections Program.

Natural Resources Protection – Accounts for moneys collected for examinations, applications, certifications and inspections used for the purpose of protecting the air, water and land resources of the State.

Natural Resources Protection – Water Pollution Permit Fee Subaccount – Accounts for moneys to be used for the protection of State water.

Solid Waste Management – Scrap Tire Subaccount – Accounts for moneys to be used for the protection of the State's public health and safety in regards to the disposition of scrap tires.

Solid Waste Management – Accounts for moneys used to promote the development of markets for recovered materials and other activities to protect the environment.

Metallic Minerals Waste Management – Accounts for moneys collected from any forfeiture of a financial assurance instrument, civil penalties collected and administrative penalties collected for the safe disposal of waste from metallic minerals.

Natural Resources Protection – Air Pollution Asbestos Fee Subaccount – Accounts for moneys to be used to administer requirements relating to asbestos abatement projects that protect public health and the environment.

Underground Storage Tank Regulation Program – Accounts for fees collected for registration of underground storage tanks and used for costs related to their regulation.

Chemical Emergency Preparedness – Accounts for moneys provided to the Missouri Response Commission and Department of Natural Resources for expenses of the commission.

Natural Resources Protection – Air Pollution Permit Fee Subaccount – Accounts for moneys to be used to protect the air, water and land resources of the State.

Water and Wastewater Loan Revolving – Accounts for loans and loan repayments under the Wastewater Loan Program.

Conservation Commission – Accounts for fees and a special sales tax used to administer laws and regulations pertaining to forestry and wildlife resources.

Parks Sales Tax – Accounts for sales tax moneys spent to control, manage and regulate State parks.

Soil and Water Sales Tax – Accounts for sales tax moneys used for the conservation and management of the soil and water resources of the State.

Water and Wastewater Loan – Accounts for moneys from any source received for wastewater construction loans.

Groundwater Protection – Accounts for fees collected for permits and is used for the administration and enforcement of water well drillers' laws.

Energy Set-Aside Program – Accounts for moneys appropriated and any gifts, grants and bequests. These moneys are loaned to public school districts to implement energy conservation projects.

State Land Survey Program – Accounts for fees collected from State recorders and used for land survey programs.

Petroleum Violation Escrow – Accounts for fines collected from petroleum companies for petroleum violations and is used for energy programs.

Hazardous Waste – Accounts for moneys from fees and permits and from any other source for hazardous waste management and cleanup.

Safe Drinking Water – Accounts for fees and grants from any source for the administration of safe drinking water laws.

Coal Mine Land Reclamation – Accounts for fees assessed on the amount of coal processed and is used to restore the land.

Hazardous Waste Remedial – Accounts for moneys from fees, penalties and from any other source for administering hazardous waste services.

Missouri Air Pollution Control – Accounts for fees collected from automobile emissions inspection stations and is used for air pollution control programs.

Meramec-Onondaga State Parks – Accounts for proceeds from the sale of this land by the federal government and is used for the support and maintenance of these parks by the State.

Oil and Gas Remedial – Accounts for the proceeds from the sale of illegal oil products and used for costs of administering these laws.

Biodiesel Fuel Revolving – Accounts for moneys to be used to pay for incremental cost of biodiesel fuel for use in state vehicles, and for administration costs of the program.

Stormwater Loan Revolving – Accounts for the receipt of repayment for stormwater control project loans to be used for the construction of stormwater control projects.

Rural Water and Sewer Loan Revolving – Accounts for the receipt of repayment for rural water and sewer control project loans to be used for the construction of rural water and sewer loan projects.

Concentrated Animal Feeding Operation Indemnity – Accounts for moneys to be used to close concentrated animal feeding operation waste water lagoons.

Missouri Alternative Fuel Vehicle Loan – Accounts for moneys to be used to issue loans to political subdivisions in order to purchase new vehicles capable of using alternative fuels.

Petroleum Violation Escrow Interest Subaccount – Accounts for interest earnings to be used for administrative costs of energy programs.

Missouri Lead Abatement Loan – Accounts for moneys to be used in carrying out lead abatement projects.

Dry-Cleaning Environmental Response Trust – Accounts for moneys received from surcharges, fees, gifts, bequests, donations and moneys recovered by the State to be used to protect human health and natural resources.

Mined Land Reclamation – Accounts for fees, forfeiture of bonds, penalties and gifts and used for the administration and enforcement of these laws.

Babler State Park – Accounts for assets donated, bequeathed, or devised to the State for the benefit of the Doctor Edmund A. Babler Memorial State Park used solely for the maintenance and development of this park.

Special Revenue – Transportation and Law Enforcement: Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

Peace Officer Standards and Training Commission – Accounts for fees assessed as court costs to be used for training peace officers or other law enforcement employees.

Transportation Department Grade Crossing Safety Account – Accounts for moneys to be used to improve safety at the crossings of public roads with railroad tracks.

Highway Patrol Inspection – Accounts for fees collected for certificates of inspection and approval used by the State Highway Patrol for administration and enforcement of the various motor vehicle inspection programs.

Firing Range Fee – Accounts for fees collected from law enforcement agencies for use of the firing range operated by the Department of Public Safety to be used for its operations.

Highway and Transportation Department – Accounts for fees paid by highway users to operate the Highway Commission and the Department of Transportation. Also used to administer and enforce State motor vehicle laws or traffic regulations.

Railroad Expense – Accounts for assessments used to administer and enforce railroad regulations.

Motor Fuel Tax – Accounts for motor fuel taxes to be distributed to other governments and to the Department of Transportation Funds.

Highway Patrol Academy – Accounts for fees charged for the training of peace officers and is used solely for the maintenance and operation of the Highway Patrol Academy.

State Transportation – Accounts for moneys from sales taxes and other sources to be used for State transportation purposes other than construction or maintenance of roads.

Highway Patrol's Motor Vehicle and Aircraft Revolving – Accounts for proceeds from government agencies to be used solely for the purchase of Highway Patrol vehicles or aircraft.

Light Rail Safety – Accounts for moneys to be used for paying the costs of enforcing the rules relating to the safe operation, maintenance and use of light rail, and the construction of light rail-highway crossings.

State Transportation Assistance Revolving – Accounts for moneys to be used for loans for the development of transportation of elderly or handicapped persons or the purchase of rolling stock for transit purpose.

Aviation Trust – Accounts for fuel taxes not refunded to the users of fuel used in aircraft engines. These moneys are used as matching funds for the preventive maintenance of runways, taxiways, aprons and safety-related items.

STATE OF MISSOURI
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2003
(In Thousands of Dollars)

	Conservation and Environmental Protection						Transportation and Law Enforcement		State Road	Non-Major Funds	Totals June 30, 2003
	General Fund	Public Education									
ASSETS											
Cash and Cash Equivalents (Note 3)	\$ 1,061,855	\$ 156,555	\$ 410,467	\$ 53,300	\$ 332,452	\$ 625,919	\$ 2,640,548				
Investments (Note 3)	13,210	2,096	480	855	---	46,775	63,416				
Accounts Receivable, Net	1,308,920	59,176	19,549	101,160	96,291	10,502	1,595,598				
Interest Receivable	4,226	517	1,624	256	2,209	1,456	10,288				
Due from Other Funds (Note 16)	42	18,615	46	86	1,782	70	20,641				
Due from Component Units (Note 16)	---	---	602	---	1,146	---	1,748				
Inventory	23,584	58	916	4,622	25,750	124	55,054				
Advance to Component Units (Note 16)	---	---	4,193	---	3,333	---	7,526				
Loans Receivable	---	---	436,671	2,430	---	890	439,991				
Restricted Assets:											
Cash and Cash Equivalents (Note 3)	---	---	---	---	54,541	---	54,541				
Total Assets	\$ 2,411,837	\$ 237,017	\$ 874,548	\$ 162,709	\$ 517,504	\$ 685,736	\$ 4,889,351				
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts Payable	\$ 698,475	\$ 39,730	\$ 2,805	\$ 24,281	\$ 110,479	\$ 4,276	\$ 880,046				
Accrued Payroll	54,950	504	4,499	18,805	---	2,808	81,566				
Due to Other Funds (Note 16)	22,708	228	1,487	1,868	114	1,394	27,799				
Due to Component Units (Note 16)	---	---	---	---	12,422	---	12,422				
Deferred Revenue	551,615	20,175	9,774	1,247	32,316	4,815	619,942				
Advance from Other Funds (Note 16)	49,552	---	---	---	---	---	49,552				
Advance from Component Units (Note 16)	---	---	---	---	53,187	---	53,187				
Arbitrage Liability	495	---	---	---	---	---	495				
Total Liabilities	1,377,795	60,637	18,565	46,201	208,518	13,293	1,725,009				
Fund Balances:											
Reserved for:											
Budget Reserve	463,003	---	---	---	---	---	463,003				
Inventory	23,584	58	916	4,622	25,750	124	55,054				
Future Distribution	66,388	---	---	---	---	---	66,388				
Taxes	4,242	---	---	---	---	---	4,242				
Debt Service	---	---	---	---	---	107,746	107,746				
Loans Receivable	---	---	436,671	2,430	---	890	439,991				
Trust Principal	---	---	---	---	---	37,890	37,890				
Unreserved, Reported In:											
General Fund	476,825	---	---	---	---	---	476,825				
Special Revenue Funds	---	176,322	418,396	109,456	---	193,026	897,200				
Capital Projects Funds	---	---	---	---	283,236	332,679	615,915				
Permanent Funds	---	---	---	---	---	88	88				
Total Fund Balances	1,034,042	176,380	855,983	116,508	308,986	672,443	3,164,342				
Total Liabilities and Fund Balances	\$ 2,411,837	\$ 237,017	\$ 874,548	\$ 162,709	\$ 517,504	\$ 685,736	\$ 4,889,351				

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2003
(In Thousands of Dollars)

Total Fund Balances – Governmental Funds	\$ 3,164,342
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental funds are not financial resources and they are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	591,811
Infrastructure in Progress	2,563,943
Land	2,328,253
Land Improvements	74,025
Buildings and Improvements	1,628,273
Equipment	1,042,003
Infrastructure	36,638,118
Accumulated Depreciation	<u>(18,079,378)</u>
	26,787,048

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1).	532,123
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Long-term assets held for the State with a paying agent to make interest payments on bonds.	55,599
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Bonds issued by the State have associated cost that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.	31,515
---	--------

Refunds for taxes and other revenues that are not payable in the current period are not reported in the funds.	(56,775)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 12 and 13):

Due to Other Entities	(29,105)
General Obligation and Revenue Bonds	(2,311,700)
Capital Leases	(231,368)
Compensated Absences	(151,310)
Claims and Judgements	(312,912)
Accrued Interest on Bonds	(36,201)
Unamortized Bond Premium	<u>(80,145)</u>
	(3,152,741)

Internal Service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	<u>395,258</u>
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Net Assets of Governmental Activities	<u>\$ 27,756,369</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals
							June 30, 2003
Revenues:							
Taxes	\$ 6,506,760	\$ 1,046,953	\$ 162,858	\$ 729,969	\$ 132,687	\$ 110,008	\$ 8,689,235
Licenses, Fees and Permits	65,101	382	71,375	177,523	99,401	144,148	557,930
Sales	995	---	6,687	5,002	---	1,227	13,911
Leases and Rentals	314	---	108	129	---	---	551
Services	190,415	1	---	---	---	246	190,662
Contributions and Intergovernmental	6,240,791	26,336	89,770	6	742,415	13,112	7,112,430
Investment Earnings:							
Net Decrease in the Fair Value of Investments	---	---	---	---	---	(145)	(145)
Interest	28,905	5,173	8,229	2,046	14,833	9,645	68,831
Penalties and Unclaimed Properties	418	2,073	290	363	---	15,153	18,297
Cost Reimbursement/Miscellaneous	291,941	272	---	898	69,873	191,213	554,197
Total Revenues	<u>13,325,640</u>	<u>1,081,190</u>	<u>339,317</u>	<u>915,936</u>	<u>1,059,209</u>	<u>484,607</u>	<u>17,205,899</u>
Expenditures:							
Current:							
General Government	430,978	---	1,288	54,013	---	19,277	505,556
Education	1,790,644	3,505,229	---	---	---	3,335	5,299,208
Natural and Economic Resources	218,814	15,389	113,065	3,660	---	162,199	513,127
Transportation and Law Enforcement							
Human Services	171,964	---	229	484,477	227,006	28,256	911,932
Capital Outlay:	8,303,845	35,587	223	1	---	148,270	8,487,926
Current Expenditures	145,542	6,192	29,907	10,039	1,032,931	17,128	1,241,739
Capital Lease Purchases	20,798	---	774	55	5,307	235	27,169
Debt Service:							
Principal	78,637	---	35	259	15,935	52,506	147,372
Interest	32,458	---	131	173	28,750	43,764	105,276
Bond Issuance Costs	---	---	---	---	---	385	385
Underwriter's Discount	---	---	---	---	---	2,136	2,136
Article X Distribution	5,950	---	---	---	---	---	5,950
Intergovernmental	194,530	14	102,830	193,039	80,669	21,086	592,168
Total Expenditures	<u>11,394,160</u>	<u>3,562,411</u>	<u>248,482</u>	<u>745,716</u>	<u>1,390,598</u>	<u>498,577</u>	<u>17,839,944</u>
Excess Revenues (Expenditures)	<u>1,931,480</u>	<u>(2,481,221)</u>	<u>90,835</u>	<u>170,220</u>	<u>(331,389)</u>	<u>(13,970)</u>	<u>(634,045)</u>
Other Financing Sources (Uses):							
Proceeds from Capital Leases	20,798	---	774	55	5,307	235	27,169
Proceeds from General Obligation/Other Bonds	---	---	---	---	---	946,605	946,605
Proceeds from Fixed Asset Sale	---	---	---	---	2,598	---	2,598
Proceeds from Tobacco Note	3,685	---	---	---	---	46,150	49,835
Payments to Escrow Agent	---	---	---	---	---	(615,438)	(615,438)
Bond Premium	---	---	---	---	22	69,331	69,335
Transfers In (Note 17)	407,608	2,393,232	12,043	3,730	187,893	95,608	3,100,114
Transfers Out (Note 17)	<u>(2,241,768)</u>	<u>(36,364)</u>	<u>(5,252)</u>	<u>(197,532)</u>	<u>(28)</u>	<u>(402,972)</u>	<u>(2,883,916)</u>
Total Other Financing Sources (Uses)	<u>(1,809,677)</u>	<u>2,356,868</u>	<u>7,565</u>	<u>(193,747)</u>	<u>195,792</u>	<u>139,519</u>	<u>696,320</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	121,803	(124,353)	98,400	(23,527)	(135,597)	125,549	62,275
Fund Balances - Beginning (Note 18)	906,954	300,743	757,656	139,733	444,583	546,973	3,096,642
Increase (Decrease) in Reserve for Inventory	5,285	(10)	(73)	302	---	(79)	5,425
Fund Balances - Ending	<u>\$ 1,034,042</u>	<u>\$ 176,380</u>	<u>\$ 855,983</u>	<u>\$ 116,508</u>	<u>\$ 308,986</u>	<u>\$ 672,443</u>	<u>\$ 3,164,342</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES IN
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2003
(In Thousands of Dollars)

Net Change in Fund Balances – Total Governmental Funds	\$ 62,275
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Amounts reported for governmental activities in the statement of activities are different because:

Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement. 5,425

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays \$1,268,908 exceeds depreciation \$1,009,582 in the current period (Note 5). 259,326

Only the gain (loss) on the sale is reported in the statement of activities, whereas in the governmental funds, the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the cost of the item sold. (5,128)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 302,833

Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the statement of net assets (Notes 6 and 13).

Bonds Issued	(946,605)
Bond Premiums and Issuance Costs	(39,204)
Bond Principal Payments	613,115
Payments to Bond Paying Agent	55,599
Capital Leases Issued	(27,169)
Capital Lease Payments	<u>25,277</u>
	(318,987)

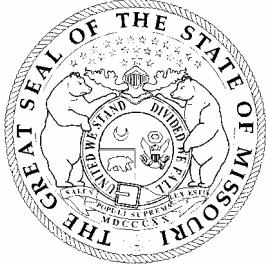
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Notes 12 and 13).

Amortization of Bond Premiums and Issuance Costs	2,853
Net Increase in Accrued Interest	(6,000)
Increase in Due to Other Entities	(8,954)
Decrease in Compensated Absences	2,478
Decrease in Claims and Judgements	<u>155,977</u>
	146,354

Internal Service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of certain Internal Service funds are reported with governmental activities. 36,052

Change in Net Assets of Governmental Activities	\$ 488,150
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The notes to the financial statements are an integral part of this statement.



The Proprietary Funds focus on economic resources and are operated in a manner similar to private business enterprises.

Proprietary Fund Financial Statements

Major Funds

State Lottery – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

Petroleum Storage Tank Insurance – Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

Non-Major Funds

Non-Major Enterprise Funds and all Internal Service Funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2003
(In Thousands of Dollars)

Business-Type Activities – Enterprise Funds

	Major					Non-Major Funds	June 30, 2003	Governmental Activities – Internal Service
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance		Totals			
ASSETS								
Current Assets:								
Cash and Cash Equivalents (Note 3)	\$ 10,748	\$ 19,916	\$ 42,382	\$ 9,966	\$ 83,012	\$ 104,185		
Investments (Note 3)	10,391	---	---	---	10,391	33,127		
Accounts Receivable, Net	36,905	87,643	3,082	614	128,244	14,463		
Interest Receivable	34	---	142	7	183	199		
Due from Other Funds (Note 16)	---	---	---	90	90	15,497		
Inventories	---	---	---	1,220	1,220	10,111		
Prepaid Items	---	---	---	36	36	4		
Loans Receivable	---	---	---	576	576	---		
Non-Current Assets:								
Restricted Cash and Cash Equivalents (Note 3)	---	---	---	---	---	83,962		
Investments and Assets Held for Resale	84,852	---	---	115	84,967	---		
Capital Assets (Note 5):								
Construction in Progress	---	---	---	2,590	2,590	94,678		
Land	353	---	---	10,210	10,563	8,421		
Land Improvements	---	---	---	3,405	3,405	2,852		
Buildings	4,292	---	127	11,580	15,999	236,994		
Equipment	16,370	---	302	27,972	44,644	66,721		
Less Accumulated Depreciation (Note 5)	(16,028)	---	(246)	(26,155)	(42,429)	(162,956)		
Total Capital Assets (Net of Accumulated Depreciation)	4,987	---	183	29,602	34,772	246,710		
Total Assets	147,917	107,559	45,789	42,226	343,491	508,258		
LIABILITIES								
Current Liabilities:								
Bank Overdraft (Note 3)	---	---	---	---	---	3		
Accounts Payable	2,041	10,534	13	929	13,517	85,650		
Accrued Payroll	273	---	43	1,089	1,405	1,577		
Due to Other Funds (Note 16)	18,706	---	20	432	19,158	547		
Deferred Revenue	---	---	567	42	609	18,165		
Claims Liability (Note 12)	---	---	22,000	---	22,000	---		
Grand Prize Winner Liability (Note 12)	37,240	---	---	---	37,240	---		
Obligations under Lease Purchase (Note 12)	---	---	5	---	5	1,384		
Compensated Absences (Note 12)	522	---	87	1,351	1,960	2,954		
Non-Current Liabilities:								
Claims Liability (Note 12)	---	---	97,990	---	97,990	---		
Grand Prize Winner Liability (Note 12)	68,725	---	---	---	68,725	---		
Obligations under Lease Purchase (Note 12)	---	---	116	---	116	2,219		
Compensated Absences (Note 12)	---	---	---	---	---	478		
Total Liabilities	127,507	10,534	120,841	3,843	262,725	112,977		
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	4,987	---	183	29,602	34,772	246,710		
Restricted for:								
Unemployment Compensation	---	97,025	---	---	97,025	---		
Other Purposes	16,084	---	---	---	16,084	---		
Unrestricted	(661)	---	(75,235)	8,781	(67,115)	148,571		
Total Net Assets	\$ 20,410	\$ 97,025	\$ (75,052)	\$ 38,383	\$ 80,766	\$ 395,281		
Total Net Assets Reported Above					\$ 80,766			
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds					284			
Net Assets of Business-Type Activities					\$ 81,050			

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

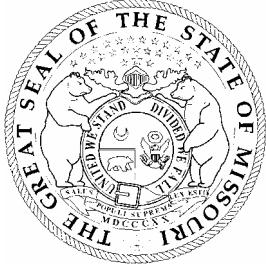
Business-Type Activities – Enterprise Funds						
	Major			Totals		Governmental Activities – Internal Service
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2003	
Operating Revenues:						
Employer Contributions	\$ ---	\$ 340,737	\$ ---	\$ ---	\$ 340,737	\$ 368,744
Employee Contributions	---	---	---	---	---	135,307
Taxes	---	---	---	356	356	---
Licenses, Fees and Permits	---	---	24,564	7,323	31,887	6,446
Sales	708,047	---	---	5,235	713,282	32,460
Leases and Rentals	---	---	---	2,734	2,734	20,278
Charges for Services	---	---	---	16,876	16,876	111,200
Cost Reimbursement/Miscellaneous	540	---	18	1,857	2,415	4,944
Total Operating Revenues	708,587	340,737	24,582	34,381	1,108,287	679,379
Operating Expenses:						
Cost of Goods Sold	16,712	---	---	850	17,562	16,544
Personal Service	8,276	---	2,207	32,834	43,317	48,181
Operations	51,413	---	1,827	15,114	68,354	116,594
Prizes Expense	434,559	---	---	---	434,559	---
Inventories	---	---	---	4,922	4,922	1,269
Specific Programs	---	---	44,591	353	44,944	3,879
Insurance Benefits	---	---	---	---	---	444,889
Unemployment Benefits	---	747,531	---	---	747,531	---
Depreciation	1,677	---	37	3,193	4,907	9,512
Other Charges	9,491	---	335	755	10,581	3,260
Total Operating Expenses	522,128	747,531	48,997	58,021	1,376,677	644,128
Operating Income (Loss)	186,459	(406,794)	(24,415)	(23,640)	(268,390)	35,251
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	---	146,499	---	21,257	167,756	700
Interest Expense	---	---	(15)	---	(15)	(907)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	5,786	---	---	---	5,786	(174)
Interest	333	8,952	932	112	10,329	3,901
Penalties and Unclaimed Properties	---	---	---	1	1	1
Disposal of Fixed Assets	66	---	3	(29)	40	(193)
Miscellaneous Revenues	16,721	---	---	24	16,745	(8)
Total Non-Operating Revenues (Expenses)	22,906	155,451	920	21,365	200,642	3,320
Income (Loss) Before Transfers	209,365	(251,343)	(23,495)	(2,275)	(67,748)	38,571
Transfers In	---	---	104	6,287	6,391	---
Transfers Out	(204,444)	---	(168)	(2,870)	(207,482)	(2,542)
Change in Net Assets	4,921	(251,343)	(23,559)	1,142	(268,839)	36,029
Total Net Assets – Beginning (Note 18)	15,489	348,368	(51,493)	37,241	349,605	359,252
Total Net Assets – Ending	\$ 20,410	\$ 97,025	\$ (75,052)	\$ 38,383	\$ 80,766	\$ 395,281
Total Net Change in Net Assets Reported Above						\$ (268,839)
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds						284
Change in Net Assets of Business-Type Activities						\$ (268,555)

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

Business-Type Activities – Enterprise Funds									
	Major								
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	Totals		Governmental Activities – Internal Service		
					June 30, 2003				
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 694,958	\$ ---	\$ 24,023	\$ 32,532	\$ 751,513	\$ 664,140			
Receipts from Employer Contributions	---	320,846	---	---	320,846	---			
Payments to Suppliers	(21,013)	---	(2,145)	(19,912)	(43,070)	(202,262)			
Payments to Employees	(8,296)	---	(2,211)	(32,626)	(43,133)	(47,894)			
Payments Made for Program Expense	(490,617)	---	(44,591)	(353)	(535,561)	(382,000)			
Payments for Unemployment Benefits	---	(754,109)	---	---	(754,109)	---			
Other Receipts (Payments)	(8,951)	---	(317)	1,047	(8,221)	1,393			
Net Cash Provided (Used) by Operating Activities	166,081	(433,263)	(25,241)	(19,312)	(311,735)	33,377			
Cash Flows from Non-Capital Operating Activities:									
Due to/from Other Funds	10,361	---	20	23	10,404	(6,612)			
Contributions and Intergovernmental	---	146,499	---	21,257	167,756	700			
Transfers to/from Other Funds	(204,444)	---	(64)	3,417	(201,091)	(2,542)			
Other Receipts (Expenses)	16,721	---	---	(431)	16,290	(8)			
Net Cash Provided (Used) by Non-Capital Operating Activities	(177,362)	146,499	(44)	24,266	(6,641)	(8,462)			
Cash Flows from Capital and Related Financing Activities:									
Interest Expense	---	---	---	---	---	(907)			
Purchases and Construction of Capital Assets	(751)	---	---	(3,270)	(4,021)	(74,243)			
Principal Paid on Capital Debt	---	---	29,513	---	29,513	---			
Capital Lease Downpayment/Obligations	---	---	93	---	93	(1,698)			
Disposal of Capital Assets	66	---	(144)	(29)	(107)	284			
Net Cash Provided (Used) by Capital and Related Financing Activities	(685)	---	29,462	(3,299)	25,478	(76,564)			
Cash Flows from Investing Activities:									
Proceeds from Investment Maturities	5,525	---	---	---	5,525	516,885			
Purchase of Investments	---	---	---	---	---	(526,770)			
Interest and Dividends Received	383	8,952	962	120	10,417	3,899			
Other Receipts	---	---	---	25	25	1			
Net Cash Provided by Investing Activities	5,908	8,952	962	145	15,967	(5,985)			
Net Increase (Decrease) in Cash	(6,058)	(277,812)	5,139	1,800	(276,931)	(57,634)			
Cash and Cash Equivalents, Beginning of Year	16,806	297,728	37,243	8,166	359,943	245,778			
Cash and Cash Equivalents, End of Year	\$ 10,748	\$ 19,916	\$ 42,382	\$ 9,966	\$ 83,012	\$ 188,144			
Reconciliation of Operating Income of Net Cash Provided (Used) by Operating Activities:									
Operating Income (Loss)	\$ 186,459	\$ (406,794)	\$ (24,415)	\$ (23,640)	\$ (268,390)	\$ 35,251			
Depreciation Expense	1,677	---	37	3,193	4,907	9,512			
Changes in Assets and Liabilities:									
Accounts Receivable	(13,089)	(19,891)	(539)	---	(33,519)	(3,890)			
Interest Receivable	---	---	---	---	---	83			
Inventories	(4,160)	---	---	259	(3,901)	461			
Prepaid Items	109	---	---	45	154	173			
Accounts Payable	(250)	(6,578)	(318)	628	(6,518)	(120)			
Accrued Payroll	---	---	(4)	106	102	(6)			
Deferred Revenue	---	---	(2)	(4)	(6)	(8,354)			
Grand Prize Winner Liability	(4,645)	---	---	---	(4,645)	---			
Compensated Absences Payable	(20)	---	---	101	81	267			
Net Cash Provided (Used) by Operating Activities	\$ 166,081	\$ (433,263)	\$ (25,241)	\$ (19,312)	\$ (311,735)	\$ 33,377			
Non-Cash Financing Activities:									
During fiscal year 2003, the fair value of investments increased by \$5,786,000 for the State Lottery.									
During fiscal year 2003, the Petroleum Storage Tank Insurance Fund entered into a building capital lease agreement for \$97,000.									
During fiscal year 2003, the fair market value of investments decreased by \$174,000 for the Transportation Self-Insurance Plan.									

The notes to the financial statements are an integral part of this statement.



The Fiduciary Funds account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Individual fund financial statements for Pension Trust Funds, Agency Funds, and Private-Purpose Trust Funds are presented as part of Supplementary Information.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2003
(In Thousands of Dollars)

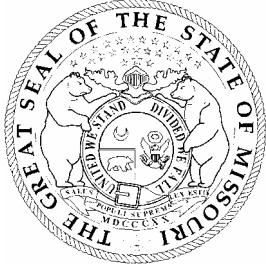
	Pension Trust Funds	Private- Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 306,250	\$ 8,422	\$ 46,792
Investments at Fair Value (Note 3)	6,348,578	742,681	246,676
Receivables:			
Accounts Receivable	159,376	---	177,490
Interest Receivable	36,387	11	179
Due from Other Funds (Note 16)	7,013	---	23,156
Advance to Other Funds (Note 16)	---	49,552	---
Invested Securities Lending Collateral (Note 3)	1,257,557	---	---
Prepaid Expenses	49	---	---
Capital Assets:			
Land	351	---	---
Buildings	3,895	---	---
Equipment	1,996	18	---
Accumulated Depreciation	(1,943)	(13)	---
Total Capital Assets, Net	<u>4,299</u>	<u>5</u>	<u>---</u>
Total Assets	<u>8,119,509</u>	<u>800,671</u>	<u>\$ 494,293</u>
LIABILITIES			
Accounts Payable	272,524	903	\$ 24
Securities Lending Collateral (Note 3)	1,257,336	---	---
Due to Other Entities	---	---	431,095
Due to Individuals	---	---	44,282
Due to Other Funds (Note 16)	---	---	18,892
Escheats/Unclaimed Property	---	52,482	---
Compensated Absences	<u>308</u>	<u>---</u>	<u>---</u>
Total Liabilities	<u>1,530,168</u>	<u>53,385</u>	<u>\$ 494,293</u>
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 6,589,341</u>	<u>\$ 747,286</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Pension Trust Funds	Private- Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 271,962	\$ ---
Plan Member	4,224	63,183
Other	28,654	---
Investment Earnings:		
Net Increase (Decrease) in the Fair Value of Investments	324,798	(75,490)
Interest, Dividends, and Other	193,334	21,559
Securities Lending Income	19,172	---
Net Gain on Sale of Investments	---	12,399
Total Investment Earnings	<u>537,304</u>	<u>(41,532)</u>
Less Investment Expenses:		
Investment Activity Expense	(21,463)	---
Securities Lending Expense	(15,087)	---
Net Loss on Sale of Investments	(125,560)	---
Total Investment Expense	<u>(162,110)</u>	---
Net Investment Earnings	<u>375,194</u>	<u>(41,532)</u>
Unclaimed Property	---	23,266
Cost Reimbursement/Miscellaneous Income	441	11,193
Transfers In	---	147
 Total Additions	 <u>680,475</u>	 <u>56,257</u>
 Deductions:		
Benefits	487,546	---
Administrative Expenses	7,027	272
Program Distributions	---	76,261
Service Transfer Payments	2,191	---
Depreciation	469	4
Transfers Out	---	<u>27,538</u>
 Total Deductions	 <u>497,233</u>	 <u>104,075</u>
 Change in Net Assets	 183,242	 (47,818)
Net Assets held in Trust – Beginning of Year (Note 18)	<u>6,406,099</u>	<u>795,104</u>
Net Assets held in Trust – End of Year	<u>\$ 6,589,341</u>	<u>\$ 747,286</u>

The notes to the financial statements are an integral part of this statement.



The Component Units account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.

Component Unit Financial Statements

Major

Colleges and Universities

Non-Major

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2003
(In Thousands of Dollars)

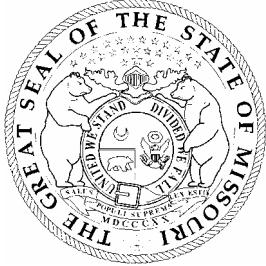
	Colleges and Universities	Non-Major	<u>Totals</u>
			<u>June 30, 2003</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 357,406	\$ 16,299	\$ 373,705
Investments (Note 3)	79,610	20,878	100,488
Receivables, Net	245,244	13,139	258,383
Due from Primary Government/Component Unit (Note 16)	---	13,602	13,602
Inventory	35,858	---	35,858
Deposits and Prepaid Expenses	23,605	29	23,634
Noncurrent Assets:			
Investments (Note 3)	1,184,641	---	1,184,641
Receivables, Net	80,993	29,340	110,333
Advance to Primary Government/Component Unit (Note 16)	---	60,877	60,877
Restricted Assets (Note 3):			
Cash and Cash Equivalents	31,998	54,417	86,415
Investments	17,156	23,425	40,581
Deferred Costs and Other Assets	22,076	204	22,280
Capital Assets, Net of Accumulated Depreciation (Note 5)	<u>2,695,989</u>	<u>28,118</u>	<u>2,724,107</u>
Total Assets	<u>4,774,576</u>	<u>260,328</u>	<u>5,034,904</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	330,841	190	331,031
Securities Lending Collateral (Note 3)	44,148	---	44,148
Due to Primary Government/Component Unit (Note 16)	---	2,929	2,929
Deferred Revenue	60,762	7,188	67,950
Deposits	51,381	---	51,381
Compensated Absences	13,018	---	13,018
Capital Lease Obligations (Note 6)	2,025	---	2,025
Bonds and Notes Payable (Note 13)	24,568	9,034	33,602
Noncurrent Liabilities:			
Accounts Payable and Accrued Liabilities	7,932	---	7,932
Advance from Primary Government/Component Unit (Note 16)	---	15,216	15,216
Deferred Revenue	3,514	4,704	8,218
Deposits and Reserves	56	20,191	20,247
Compensated Absences	5,214	---	5,214
Capital Lease Obligations (Note 6)	12,498	---	12,498
Bonds and Notes Payable (Note 13)	<u>747,044</u>	<u>71,180</u>	<u>818,224</u>
Total Liabilities	<u>1,303,001</u>	<u>130,632</u>	<u>1,433,633</u>
NET ASSETS			
Invested in Capital Assets, Net	1,966,773	28,118	1,994,891
Restricted for:			
Expendable	202,692	---	202,692
Non-Expendable	627,942	---	627,942
Other Purposes	---	3,560	3,560
Unrestricted	674,168	98,018	772,186
Total Net Assets	<u>\$ 3,471,575</u>	<u>\$ 129,696</u>	<u>\$ 3,601,271</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals
			June 30, 2003
Revenues:			
Operating Revenues:			
Licenses, Fees and Permits	\$ ---	\$ 1,047	\$ 1,047
Student Tuition and Fees (Net of Scholarship Allow.)	473,018	---	473,018
Federal Appropriations, Grants and Contracts	222,777	---	222,777
State Grants and Contracts	47,104	---	47,104
Private Gifts, Grants and Contracts	59,888	---	59,888
Interest Revenue	1,218	2,951	4,169
Sales and Services of Educational Departments	32,215	---	32,215
Auxiliary Enterprises	753,070	---	753,070
Leases and Rentals	---	812	812
Cost Reimbursement/Miscellaneous	71,169	5,689	76,858
Total Operating Revenues	<u>1,660,459</u>	<u>10,499</u>	<u>1,670,958</u>
Expenses:			
Operating Expenses:			
Personal Services	1,502,896	610	1,503,506
Operations	---	1,017	1,017
Specific Programs	---	1,150	1,150
Scholarships and Fellowships	61,170	---	61,170
Utilities	22,592	---	22,592
Supplies and Other Services	628,041	---	628,041
Contracted Services	23,324	---	23,324
Interest Expense	---	2,743	2,743
Depreciation and Amortization	138,407	516	138,923
Miscellaneous	22,265	4,510	26,775
Total Operating Expenses	<u>2,398,695</u>	<u>10,546</u>	<u>2,409,241</u>
Operating Loss	<u>(738,236)</u>	<u>(47)</u>	<u>(738,283)</u>
Non-Operating Revenues (Expenses):			
Federal Appropriations, Grants and Contracts	42,572	---	42,572
State Appropriations, Grants and Contracts	732,601	---	732,601
Private Gifts, Grants and Contracts	54,947	---	54,947
Contributions and Intergovernmental	---	11,986	11,986
Investment Earnings:			
Decrease in Fair Value of Investments	---	(23)	(23)
Interest/Investment and Endowment Income	76,198	1,285	77,483
Interest Expense	(32,157)	---	(32,157)
Miscellaneous Revenues	267	---	267
Total Non-Operating Revenues (Expenses)	<u>874,428</u>	<u>13,248</u>	<u>887,676</u>
Income Before Other Revenues (Expenses)			
Or Gains (Losses)	136,192	13,201	149,393
Capital Gifts and Grants	39,028	---	39,028
Private Gifts	20,254	---	20,254
Additions to Endowments	386	---	386
Disposal of Fixed Assets	(3,300)	---	(3,300)
State Capital Appropriations	15,280	---	15,280
Transfers Out	---	(10)	(10)
Change in Net Assets	<u>207,840</u>	<u>13,191</u>	<u>221,031</u>
Net Assets – Beginning of Year (Note 18)	<u>3,263,735</u>	<u>116,505</u>	<u>3,380,240</u>
Net Assets – End of Year	<u>\$ 3,471,575</u>	<u>\$ 129,696</u>	<u>\$ 3,601,271</u>

The notes to the financial statements are an integral part of this statement.



The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Index of Notes

[Link to Notes to the Financial Statements](#)

- Note 1 – Significant Accounting Policies**
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- Note 3 – Deposits, Investments and Securities Lending Program**
- Note 4 – Federal Surplus Commodities Inventory**
- Note 5 – Capital Assets**
- Note 6 – Leases**
- Note 7 – Total State Revenue Refund**
- Note 8 – Retirement Systems**
- Note 9 – Other Postemployment Benefits**
- Note 10 – Missouri State Public Employees' Deferred Compensation Plan**
- Note 11 – Changes in Short-Term Liabilities**
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- Note 13 – Bonds Payable**
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STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying financial statements of the State of Missouri and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The State has elected to not follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions and other organizational units over which the State has financial accountability. In addition to the Legislative, Executive and Judicial agencies, the following organizations are included in these financial statements:

Primary Government (Blended):

Board of Public Buildings – The Board was created by State law and its governing body is made up of the Governor, the Lieutenant Governor and the Attorney General. Its purpose is to provide State buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Design and Construction and its projects must be approved by the General Assembly. The Board can require State agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the State agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and pay the costs of operations. Copies of the Board of Public Buildings' financial statements can be requested from:

Office of Administration
Deputy Commissioner's Office
P.O. Box 809
Jefferson City, Missouri 65102

Conservation Employees' Insurance Plan – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a board of trustees. Copies of the Plan's financial statements can be requested from:

Missouri Department of Conservation
P.O. Box 180
Jefferson City, Missouri 65110

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation and general liability. The Plan is administered by the Office of Risk Management, which is a Division of the Missouri Department of Transportation. Copies of the financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by State law to provide medical benefits to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, six members appointed by the Governor, the Director of the Department of Health and Human Services, the Director of the Department of Insurance and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the board. Copies of the Plan's financial statements can be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

Highway and Transportation Employees' and Highway Patrol Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees and their dependents of the Missouri Department of Transportation and the Missouri State Highway Patrol. The Plan is administered by a board of trustees. Copies of the Plan's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Missouri State Employees' Retirement System (MOSERS) – The System was created by State law and provides retirement, survivor, disability and life insurance to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the board. Copies of the System's financial statements can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Highway and Transportation Employees' and Highway Patrol Retirement System – The System provides retirement, death and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the director of the Missouri Department of Transportation, the superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by Patrol employees, and one retired member elected by retirees of the system. Copies of the System's financial statements can be requested from:

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

Missouri State Public Employees' Deferred Compensation Commission – The Commission consists of one member of the House of Representatives, one member of the Senate and three other members appointed by the Governor with the advice and consent of the Senate. The Commission offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under this Plan, employees are permitted to defer a portion of their current salary until future years. This Plan's fiscal year ends December 31, therefore, financial statements for its reporting period ending December 31, 2002, have been included in this report. In addition, the Commission offers eligible employees the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Component Units (Discretely Presented):

Major

Colleges and Universities – The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public colleges and universities included in the financial statements:

Central Missouri State University
213 Administration Building
Warrensburg, Missouri 64093

Northwest Missouri State University
105 Administration Building
800 University Drive
Maryville, Missouri 64468-6001

Harris-Stowe State College
3026 Laclede Avenue
St. Louis, Missouri 63103

Southeast Missouri State University
One University Plaza, Mail Stop 3000
Cape Girardeau, Missouri 63701

Lincoln University
207 Young Hall
Jefferson City, Missouri 65101

Southwest Missouri State University
901 South National, Room 119
Springfield, Missouri 65804

Linn State Technical College
1 Technology Drive
Linn, Missouri 65051

Truman State University
McClain Hall, Room 105
Kirksville, Missouri 63501

Missouri Southern State College
3950 East Newman Road
Joplin, Missouri 64801-1595

University of Missouri System
118 University Hall
Columbia, Missouri 65211

Missouri Western State College
4525 Downs Drive
St. Joseph, Missouri 64507

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

Non-Major

Development Finance Board – The Board was created by State law as an independent, self-supporting, body corporate and politic to promote economic development of the State and is assigned to the Department of Economic Development for governmental classification purposes. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development and the Department of Agriculture, who serve as ex-officio voting members, and nine members appointed by the Governor and confirmed by the Senate. The Board is empowered to issue taxable and tax-exempt industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain State income taxes in exchange for contributions made to the Board. Copies of the Board's financial statements can be requested from:

Missouri Development Finance Board
Harry S Truman State Office Building, Room 680
301 West High Street
Jefferson City, Missouri 65101

Agricultural and Small Business Development Authority – The Authority was created by State law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Copies of the Authority's financial statements can be requested from:

Missouri Agricultural and Small
Business Development Authority
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Fulton 54 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost for the acquisition and construction of an overpass at the intersection of Route HH and U.S. Highway 54. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

Missouri Transportation Finance Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus State and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. The Missouri Highways and Transportation Commission determines which applicants are extended loans from the Missouri Transportation Finance Corporation. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Missouri Highway 179 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Corporation Act. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Missouri Highway 63 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation was formed to facilitate the addition of two lanes to US Highway 63 from Macon, Missouri to Millard, Missouri. The Corporation entered into an agreement with the City of Kirksville for passage of a sales tax to fund the project. The Corporation is governed by a Board of Directors consisting of 15 representatives from cities and counties along the expansion area, who are selected by the Kirksville Chamber of Commerce. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

Springfield, MO State Highway Improvement Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Corporation Act. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Wentzville Parkway Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation has issued bonds to finance the expansion and reconstruction of the Pearce Boulevard Interchange. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

B. Government–Wide and Fund Financial Statements

Government–Wide Financial Statements:

The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its discretely presented component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of Enterprise funds.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

- **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Certain indirect costs are included in the direct expenses reported for individual functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise fund categories, with each displayed in a separate column. All remaining governmental and enterprise fund categories are aggregated and reported as non-major funds. Internal service fund categories are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. Basis of Presentation

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

Primary Government:

Governmental Funds include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include Enterprise Funds and Internal Service Funds. These funds account for the cost of certain services provided by the State, presenting the assets and liabilities associated with the service on the Statement of Changes in Net Assets, and presenting the revenues, expenses and net income on the Statement of Revenues, Expenses, and Changes in Net Assets.

Fiduciary Funds include Pension Trust Funds, Private-Purpose Trust Funds, and Agency Funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments and other funds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

Discretely Presented Component Units:

Major

College and University Funds account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Changes in Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

Non-Major

Development Finance Board accounts for moneys from bond proceeds, loans, and contributions to fund economic development projects.

Agricultural and Small Business Development Authority accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

Fulton 54 Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Transportation Finance Corporation accounts for moneys from federal, State or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Highway 63 Transportation Corporation accounts for moneys from sales tax proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements are presented using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary Funds have been excluded from the government-wide financial statements because by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly underestimate both expenses of the buyer and revenues of the seller.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

Fund Financial Statements:

Governmental Funds are presented on a modified accrual basis of accounting and a current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net assets. Material revenues susceptible to accrual include federal grants, income tax and sales tax. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the State Road Fund, which updates inventory perpetually under the consumption method.

Proprietary, Pension Trust, and Private-Purpose Trust Funds are presented on the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Agency Funds are presented on the accrual basis of accounting. These funds are custodial in nature and do not present results of operations or have a measurement focus.

Discretely presented component units are presented on the accrual basis of accounting with the following exception in regard to colleges and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date. Component units are accounted for on a flow of economic resources measurement focus.

The State reports the following major funds categories:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

State Road – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

Petroleum Storage Tank Insurance – accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

The State also reports the following non-major fund types:

Governmental – accounts for current financial resources of the government. Governmental Funds include Special Revenue Funds which are established for a specific function, Debt Service Funds which accumulate resources for the payment of long-term debt principal and interest, Capital Projects Funds which accumulate resources for the acquisition of capital assets, and Permanent Funds which are legally restricted.

Proprietary – accounts for operations that are funded through fees or a cost reimbursement basis. Proprietary Funds include Enterprise Funds which sell products and services to external parties and Internal Service Funds which sell products and services to other government agencies.

Fiduciary – accounts for assets held by the State in a trustee or agent capacity. Examples of such assets include Missouri State Employees' Retirement System, social security contributions, and unclaimed property.

E. Budgets

The State's annual budget is prepared principally on the cash basis and represents departmental appropriations recommended by the Governor and passed by the General Assembly prior to the beginning of the fiscal year. Appropriations can only be amended through the normal appropriation process which requires approval of the General Assembly and the Governor. Certain estimated original appropriation amounts may be increased as necessary. If supplemental appropriations are required for an appropriation year, they are enacted during the next General Assembly by the same process used for original appropriations. During the year supplemental appropriations of \$275,435,626 were required, 94% for Human Services, 5% for Education, and the remainder for other functions. Estimated appropriations were increased by \$936,014,417.

Budgetary control is maintained at the individual appropriation level since expenditures cannot exceed the appropriation amounts. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that revenues for the fiscal year will fall below estimated revenues. Unexpended appropriations lapse at the end of each appropriation year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program or project which requires additional time for completion. Reappropriations to fiscal year 2004 totaled \$659,607,435.

F. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash and all investments with an original maturity of three months or less such as certificates of deposit, money market certificates and repurchase agreements. Cash balances of most State funds are pooled and invested by the State Treasurer.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

G. Investments

These are long-term investments which are expected to be held to maturity and redeemed at face value. The majority are investments of the Pension Trust Funds and are stated at fair value. The remainder belong to the General, various Special Revenue, Permanent, Enterprise, Internal Service, Private-Purpose Trust, and Agency Funds and are stated at fair value. The Missouri State Public Employees' Deferred Compensation Plan's investments are reported in units of fixed and variable annuities at fair value.

H. Receivables

Receivables include primarily federal revenue amounts, accrued interest on investments and taxes receivable. Receivables are reported net of allowances for uncollectibles of \$912,063,743, where applicable.

I. Interfund Receivables/Payables

The State makes various transactions between funds or between primary government and component units to distribute interest earnings, finance operations, provide services, service debt and for capital outlay. These receivables at June 30 are classified as "due from other funds" or "due from primary government/component units" on the Statement of Net Assets. Payables are classified as "due to other funds" or "due to primary government/component units" on the Statement of Net Assets.

J. Advances to/from Other Funds

Long-term interfund receivables are classified as "advances to other funds" or "advances to primary government/component units" on the Statement of Net Assets. Long-term interfund payables are classified as "advances from other funds" or "advances from primary government/component units" on the Statement of Net Assets.

Long-term interfund payables and receivables of the State Lottery, which are not expected to be paid within a reasonable time period, have been reclassified as transfers on the Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Assets.

K. Inventories

Inventories in the Governmental Funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the State Road Fund, which updates inventory perpetually under the consumption method. Reserves of fund balance have been established for the inventory balances. Inventories in the Proprietary Funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average, weighted average and first-in, first-out.

L. Deferred Charges

Deferred charges represent issuance costs on bonds and are amortized over the life of the related issue.

M. Restricted Assets

These moneys are restricted by donors and applicable bond indentures.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

N. Capital Assets

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Note 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of fixed assets are not capitalized.

The capitalization threshold for all fixed assets is as follows: land improvements, \$15,000; buildings and improvements, \$15,000; and equipment, \$1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

Most works of art and historical treasures are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component Units fixed assets are stated at cost and are depreciated for the full year using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, and equipment – 5 years.

O. Deferred Revenues

Primary Government

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting on the fund financial statements. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include \$493,097,000 within the General Fund, \$29,319,000 within the Major Special Revenue Funds, \$4,892,000 within the State Road Fund, and \$4,815,000 within Non-Major Governmental Funds. Such amounts have been deemed to be measurable but not available. For the State of Missouri, the availability period is 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues the amount of \$58,518,000 within the General Fund, \$1,877,000 within Major Special Revenue Funds, \$27,424,000 within the State Road Fund, \$567,000 within the Petroleum Storage Tank Insurance Fund, \$42,000 within the Non-Major Enterprise Funds, and \$18,165,000 within the Internal Service Funds.

Component Units

Deferred revenue amounts collected in advance of the year in which earned are reported in the amount of \$64,276,000 within the College and University Funds and \$11,892,000 within the Non-Major Component Units.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

P. Long-Term Debt

Long-term liabilities that will be financed from Governmental Funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for governmental funds long-term liabilities. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments and loans from other entities. The expenditures are recorded in the funds when the liability is paid.
2. Outstanding principal for general obligation debt. The expenditure and any related liability for payment of principal and interest for general obligation debt are recorded in the Debt Service Funds when paid (see *Note 13*).
3. Outstanding principal for revenue bonds issued by the Board of Public Buildings, bonds issued by the Health and Educational Facilities Authority, bonds issued by the Regional Convention and Sports Complex Authority, and State Road bonds issued by the Missouri Highways and Transportation Commission. The expenditure and any related liability for payment of principal and interest for these bonds are recorded in the appropriate governmental funds when paid (see *Note 13*).
4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest methods in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 12*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various Special Revenue funds, the State Road Fund, as well as Enterprise Funds and Internal Service Funds (see *Note 6*).
6. Compensated absences include accumulated unpaid vacation and compensatory time accruals and additional amounts for salary-related payments associated with the payment of vacation and compensatory time. These amounts are not accrued in the Governmental Funds but are recorded as expenditures when paid (see *Note 12*).

Vacation leave is accumulated at a rate of 10 to 14 hours a month depending on the number of years of employment. Accumulated vacation leave cannot exceed the number of vacation hours earned in a two year period. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

The expenditures for all compensated absences are made primarily from the General Fund and Special Revenue Funds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

7. Claims and judgements include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, injuries to employees and desegregation. Claims liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid. This is included with payables on the combined balance sheet (see Note 12).

Long-term liabilities of all Proprietary, Pension Trust, and Private-Purpose Trust Funds are accounted for in the respective funds.

Q. Net Assets/Fund Balance

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund financial statements. A description of "Restricted Net Assets" is presented in Part B of this note.

On the governmental statements, "reserves" represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Following is a list of reserves used by the State of Missouri and a description of each:

Reserved for Budget Reserve – An account which includes \$463,002,788 in the Budget Reserve Fund used to meet the cash flow requirements and program funding requirements of the State.

Reserved for Inventory – An account used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

Reserved for Future Distribution – An account used to segregate a portion of fund balance for the specific future use of other entities.

Reserved for Taxes – An account used to segregate a portion of fund balance for taxes received for which payment was made under protest and for bonds filed by license holders for security against default of payment of tax liabilities.

Reserved for Debt Service – An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of general long-term debt principal and interest amounts maturing in future years.

Reserved for Loans Receivable – An account used to segregate portions of fund balance and retained earnings to indicate that the long-term portion of loans receivable does not represent available, spendable resources even though it is a component of assets, or to meet requirements of loan agreements.

Reserved for Trust Principal – An account used to segregate a portion of fund balance to indicate the principal amount of Permanent Funds that is legally restricted for a specific future purpose.

R. Revenues

The revenues of the General Fund include federal grants and contributions of \$6,225,083,000. Revenues for all funds are reported net of refunds of \$1,590,510,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 1 – Significant Accounting Policies (cont.)

S. Interfund Transactions

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, construct assets and service debt. Interfund transactions basically consist of these two types:

1. Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the State are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to Internal Service Funds from other funds for services rendered and to Agency Funds for contributions for employee benefits.
2. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as transfers (see Note 17).

T. Expenditures and Expenses

Expenditures and expenses are reported net of revenue overcollections of \$1,294,586,000 and \$2,553,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts and for cost reimbursements of \$292,414,000 and \$956,000, respectively.

U. Property Taxes

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund.

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32% and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

Note 2 – Reporting Changes and Reclassifications

The Petroleum Storage Tank Insurance Fund is presented as a Major Enterprise Fund for the fiscal year ended June 30, 2003 because it meets the liability criteria of a major fund set out in GASB Statement 34. Specifically, total liabilities of the fund are more than 10% of Total Enterprise Funds, and they are more than 5% of total liabilities for Governmental and Enterprise Funds combined. Last year, this fund was included with Non-Major Enterprise Funds.

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2003:

- Statement No. 38, *Certain Financial Statement Note Disclosures*, (paragraph 12 "Short-Term Debt" and paragraph 13 "Disaggregation of Receivable and Payable Balances"). The rest of GASB Statement No. 38 was implemented for the fiscal year ended June 30, 2002.
- Technical Bulletin No. 94-1, *Disclosures about Derivatives and Similar Debt and Investment Transactions*. The Missouri State Employees' Retirement System (MOSERS) (see Note 3) and the Missouri Development Finance Board (see Note 13) were the only State entities which had derivatives for the fiscal year ended June 30, 2003.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 2 – Reporting Changes and Reclassifications (cont.)

GASB Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*, does not apply to the State of Missouri. This statement only applies to governments with significant budgetary perspective differences that prevent them from presenting budgetary comparison information for their general funds and major special revenue funds, as required by GASB Statement 34. The State of Missouri presents this schedule in the Required Supplementary Information (RSI) section of CAFR.

Note 3 – Deposits, Investments and Securities Lending Program

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all State funds. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized below is the portfolio that represents the "Cash and Cash Equivalents", "Investments", "Restricted Assets – Cash and Cash Equivalents", "Restricted Assets – Investment" and "Bank Overdraft" as reported at June 30, 2003.

A. Deposits

Primary Government

At June 30, 2003, the reported amount of the primary government's deposits was \$877,971,000 and the bank balance was \$906,623,000. Of the bank amount, \$886,707,000 was insured or collateralized with securities held by the State or its agent in the State's name, \$19,916,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name.

Fiduciary

At June 30, 2003, the reported amount of the deposits of the Fiduciary Funds was \$362,710,000 and the bank balance was \$362,710,000. All of the bank amount was insured or collateralized with securities held by the entity or its agent in the entity's name.

Component Units

At June 30, 2003, the reported amount of the deposits of the Component Units was \$439,972,000 and the bank balance was \$446,931,000. Of the bank amount, \$91,758,000 was insured or collateralized with securities held by the Component Units or its agent in the Component Units' name, \$174,427,000 was collateralized with securities held by the counterparty's trust department or agent in the Component Units' name, and \$180,746,000 was uninsured and uncollateralized with securities held by the counterparty, trust department or agent not in the Component Units' name.

B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years or in repurchase agreements maturing within ninety days secured by U.S. Treasury or Agency securities of any maturity. The Internal Service Funds, the Agency and Pension Trust Funds, and the Component Units, in accordance with statutory authority, invest primarily in U.S. Government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2003.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

The following table (in thousands of dollars) provides information about the credit risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets. Category 1 includes investments that are insured or registered, or for which securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments, for which securities are held by the counterparty or by its trust department or agent but not in the State's name. The State's ratings for these investments from Fitch IBCA, Incorporated and Standard and Poor's is rating group AAA and from Moody's Investors Services is rating group Aaa.

	Category 1	Category 2	Category 3	Reported Amount	Fair Value
All Fund Types except Fiduciary Funds and Component Units:					
U.S. Government Securities	\$ 1,879,826	\$ ---	\$ ---	\$ 1,879,826	\$ 1,806,002
Repurchase Agreements	400,234	---	---	400,234	400,234
Subtotal	<u>2,280,060</u>	<u>---</u>	<u>---</u>	<u>2,280,060</u>	<u>2,206,236</u>
Fiduciary Funds:					
U.S. Government Securities	196,053	---	200,317	396,370	396,370
Repurchase Agreements	245,418	---	---	245,418	245,418
Stocks	1,093,850	---	754,925	1,848,775	1,848,801
Bonds	272,382	---	86,738	359,120	359,120
International Equities	757,243	---	---	757,243	757,243
International Corp. Bonds	24,566	---	---	24,566	24,566
Short-Term Securities	---	---	27,640	27,640	27,640
Debentures	---	---	130,630	130,630	130,630
Subtotal	<u>2,589,512</u>	<u>---</u>	<u>1,200,250</u>	<u>3,789,762</u>	<u>3,789,788</u>
Investments Not Subject to Categorization:					
Real Estate				250,722	250,722
Investments Made With Another Party				1,219,989	1,219,989
Deferred Compensation				855,143	855,143
Foreign Securities				30,943	30,943
EAFE Index Fund				198,123	198,123
Venture Capital Limited Partnership				992,007	992,007
Subtotal				<u>7,336,689</u>	<u>7,336,715</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

	Category 1	Category 2	Category 3	Reported Amount	Fair Value
Component Units:					
U.S. Government Securities	515,118	100,396	12,185	627,699	627,779
Repurchase Agreements	---	15,146	---	15,146	15,146
Stocks	346,104	---	---	346,104	346,104
Bonds	203,219	---	---	203,219	203,219
Other	---	1,223	---	1,223	1,223
Subtotal	1,064,441	116,765	12,185	1,193,391	1,193,471
Investments Not Subject to Categorization:					
Money Market				8,219	8,219
Real Estate				57,945	57,945
Mutual Funds				4,259	4,245
Securities Lending					
Collateral				44,148	44,148
Other				37,896	37,896
Subtotal				1,345,858	1,345,924
Total Investments Subject to Categorization	\$ 5,934,013	\$ 116,765	\$ 1,212,435		
Total Investments				\$ 10,962,607	\$ 10,888,875

C. Securities Lending Program

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5 RSMo. The program is administered by U.S. Bank as the State Treasurer's custodial agent bank, which lends certain securities to registered broker-dealers as approved by the State Treasurer's Office in exchange for collateral. At least 75% of the collateral received must match the maturities of the securities lent with a maximum duration gap between loans and investments of 15 days. The maximum life of term loans shall be 90 days. Collateral may be in the form of cash, securities issued or guaranteed by the United States Government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The Custodian (U.S. Bank) provides for full indemnification to the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) Board of Trustees' policies permits the Pension Trust Funds to participate in securities lending programs. Lehman Brothers, who acts as the exclusive borrower of the domestic equity securities and Credit Suisse/First Boston, who manages the lending of fixed income and international securities, manage the programs. Certain securities of the Pension Trust Funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% for domestic loans and 105% for international loans. In order to reduce credit risk in this exclusive agreement, MOSERS has placed a cap of \$250 million on the amount of securities that can be on loan at any given time. The Custodian (Bankers Trust Company) provides for full indemnification to the Pension Trust Funds for any losses that might occur in the program due to broker default, insufficiency of collateral, or operations risk associated with corporate actions and income collection. Full indemnification and daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk.

The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds. The cash collateral investments of the Lehman Brothers and Credit Suisse program each had a weighted average maturity of 30 days as of June 30, 2003.

Investment income derived from the domestic loans and international equity lending programs are subject to minimum guarantees.

Missouri Highway and Transportation Employees' and Highway Patrol Retirement System:

In accordance with the policies set by the Board of Trustees, the Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The collateral held and the market value of securities on loan for the System were unavailable as of the System's report date.

At June 30, 2003 and 2002, the System earned \$129,258 and \$98,402, respectively, on the securities lending program.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent. The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. At June 30, 2003, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

In addition, at June 30, 2003, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled \$12,685,000. At June 30, 2003, the aggregate fair value of the securities lent was \$128,487,000 and the aggregate fair value of the collateral received was \$134,043,000.

D. Derivatives

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2003. The investments are reported at fair value and are included on the Statement of Plan Net Assets of the Pension Trust Funds.

Futures Contracts:

National Amount	Exposure
\$2,324,474	\$2,342

Currency Forwards:

Book Value	Fair Value	Gain/(Loss)
\$4,048	\$4,073	\$25

Swaps:

National Amount	Exposure
\$98,216	\$9,148

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 4 – Federal Surplus Commodities Inventory

The federal surplus commodities inventory for the Department of Social Services and the Department of Health and Senior Services were \$190,947 and \$5,138,173, respectively, as of June 30, 2003. This inventory is not considered to be an asset of the State and is not included in the financial statements.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2003, was as follows (in thousands of dollars):

	Balance July 1, 2002	Increases	Decreases	Adjustments and Reclassifications	Balance June 30, 2003
Governmental Activities:					
Capital Assets not being Depreciated:					
Construction in Progress	\$ 637,165	\$ 200,201	\$ (131,962)	\$ (18,915)	\$ 686,489
Infrastructure in Progress	2,287,153	941,438	(650,566)	(14,082)	2,563,943
Land.....	2,258,148	980	(2,365)	79,911	2,336,674
Total Capital Assets not being Depreciated	<u>5,182,466</u>	<u>1,142,619</u>	<u>(784,893)</u>	<u>46,914</u>	<u>5,587,106</u>
Capital Assets being Depreciated:					
Land Improvements.....	76,331	5,280	(377)	(4,357)	76,877
Buildings and Improvements	1,854,503	7,633	(5,339)	8,470	1,865,267
Equipment.....	1,136,212	90,741	(109,581)	(8,648)	1,108,724
Infrastructure	36,046,230	650,566	(46,767)	(11,911)	36,638,118
Total Capital Assets being Depreciated.....	<u>39,113,276</u>	<u>754,220</u>	<u>(162,064)</u>	<u>(16,446)</u>	<u>39,688,986</u>
Less Accumulated Depreciation for:					
Land Improvements.....	41,141	9,226	(301)	(4,997)	45,069
Buildings and Improvements	653,299	3,312	(2,866)	(122,680)	531,065
Equipment.....	721,241	123,749	(86,846)	(94,058)	664,086
Infrastructure	16,172,486	877,342	(46,767)	(947)	17,002,114
Total Accumulated Depreciation.....	<u>17,588,167</u>	<u>1,013,629</u>	<u>(136,780)</u>	<u>(222,682)</u>	<u>18,242,334</u>
Total Capital Assets being Depreciated, Net	<u>21,525,109</u>	<u>(259,409)</u>	<u>(25,284)</u>	<u>206,236</u>	<u>21,446,652</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,707,575</u>	<u>\$ 883,210</u>	<u>\$ (810,177)</u>	<u>\$ 253,150</u>	<u>\$ 27,033,758</u>
Business-Type Activities:					
Capital Assets not being Depreciated:					
Construction in Progress	\$ 2,737	\$ 1,400	\$ (1,627)	\$ 80	\$ 2,590
Land.....	9,572	467	---	524	10,563
Total Capital Assets not being Depreciated	<u>12,309</u>	<u>1,867</u>	<u>(1,627)</u>	<u>604</u>	<u>13,153</u>
Capital Assets being Depreciated:					
Land Improvements.....	3,397	4	---	4	3,405
Buildings and Improvements	15,800	112	---	87	15,999
Equipment.....	42,268	4,393	(829)	(1,188)	44,644
Total Capital Assets being Depreciated.....	<u>61,465</u>	<u>4,509</u>	<u>(829)</u>	<u>(1,097)</u>	<u>64,048</u>
Less Accumulated Depreciation for:					
Land Improvements.....	2,420	---	---	133	2,553
Buildings and Improvements	6,728	226	---	125	7,079
Equipment.....	29,116	5,007	(1,649)	323	32,797
Total Accumulated Depreciation.....	<u>38,264</u>	<u>5,233</u>	<u>(1,649)</u>	<u>581</u>	<u>42,429</u>
Total Capital Assets being Depreciated, Net	<u>23,201</u>	<u>(724)</u>	<u>820</u>	<u>(1,678)</u>	<u>21,619</u>
Business-Type Activities Capital Assets, Net	<u>\$ 35,510</u>	<u>\$ 1,143</u>	<u>\$ (807)</u>	<u>\$ (1,074)</u>	<u>\$ 34,772</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 5 – Capital Assets (cont.)

Depreciation expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government.....	\$ 9,816
Education	1,757
Natural and Economic Resources.....	9,597
Transportation and Law Enforcement	931,772
Human Services.....	<u>66,152</u>
 Total.....	<u><u>\$ 1,019,094</u></u>

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress.....	\$ 227,807	\$ 1,684	\$ 229,491
Land	116,464	8,040	124,504
Other Non-Depreciable Assets.....	<u>18,534</u>	---	<u>18,534</u>
 Total Capital Assets not being Depreciated	<u>362,805</u>	<u>9,724</u>	<u>372,529</u>
 Capital Assets being Depreciated:			
Land Improvements	13,783	---	13,783
Buildings and Improvements	2,702,059	19,609	2,721,668
Equipment, Fixtures, and Books	926,434	138	926,572
Infrastructure.....	<u>245,763</u>	---	<u>245,763</u>
 Total Capital Assets being Depreciated.....	<u>3,888,039</u>	<u>19,747</u>	<u>3,907,786</u>
 Less Total Accumulated Depreciation	<u>(1,554,855)</u>	<u>(1,353)</u>	<u>(1,556,208)</u>
 Total Capital Assets being Depreciated, Net	<u>2,333,184</u>	<u>18,394</u>	<u>2,351,578</u>
 Discretely Presented Component Units –			
Capital Assets, Net.....	<u><u>\$ 2,695,989</u></u>	<u><u>\$ 28,118</u></u>	<u><u>\$ 2,724,107</u></u>

Note 6 – Leases

Capital

The State has entered into various agreements to lease land, buildings and equipment. FASB Statement No. 13, *Accounting For Leases*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 6 – Leases (cont.)

Capital leases for the Enterprise, Internal Service and College and University Funds are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of Governmental type funds. However, the capital leases and related assets of Governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Enterprise Funds	Internal Service Funds	College and University
2004	\$ 36,570	\$ 24	\$ 1,523	\$ 3,087
2005	35,829	24	813	2,948
2006	34,709	24	602	1,526
2007	25,997	24	333	1,223
2008	25,896	24	114	1,216
2009–2013	109,866	119	568	6,075
2014–2018	64,019	10	222	6,075
2019–2023	8,402	---	---	1,519
Total minimum lease payments	<u>341,288</u>	<u>249</u>	<u>4,175</u>	<u>23,669</u>
Less amount representing interest	<u>109,920</u>	<u>128</u>	<u>572</u>	<u>9,146</u>
Present value of net minimum lease payments	<u><u>\$ 231,368</u></u>	<u><u>\$ 121</u></u>	<u><u>\$ 3,603</u></u>	<u><u>\$ 14,523</u></u>

Assets acquired through these capital lease agreements are recorded as fixed assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is an analysis of the property under capital lease by asset category as of June 30, 2003 (in thousands of dollars):

	Governmental Funds	Enterprise Funds	Internal Service Funds	College and University
Land	\$ ---	\$ ---	\$ ---	\$ 152
Buildings	262,157	127	997	16,099
Equipment	53,283	---	8,971	3,969
Total Fixed Assets	<u><u>\$ 315,440</u></u>	<u><u>\$ 127</u></u>	<u><u>\$ 9,968</u></u>	<u><u>\$ 20,220</u></u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 6 – Leases (cont.)

Operating

The State has entered into various operating leases for land, buildings, and equipment. Each lease contains a fiscal funding clause indicating that continuation of the lease is subject to annual funding by the General Assembly. It is expected that in the normal course of business most of the leases will be renewed or replaced by similar leases. Future minimum commitments due under operating leases as of June 30, 2003, were as follows (in thousands of dollars):

Year Ending June 30	Primary Government	Component Units
2004	\$ 35,502	\$ 2,668
2005	24,316	1,644
2006	19,323	863
2007	13,654	295
2008	11,714	213
2009–2013	17,396	1,356
2014–2018	135	---
2019–2020	27	---
Total Minimum Commitments	<u>\$ 122,067</u>	<u>\$ 7,039</u>

Expenditures for rent under operating leases for the years ended June 30, 2003 and June 30, 2002 were \$33,508,501 and \$34,559,264, respectively.

Note 7 – Total State Revenue Refund

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. As of June 30, 2003, the State has refunded \$978.7 million to taxpayers including \$147.2 million in fiscal year 1995, \$229.1 million in fiscal year 1996, \$318.8 million in fiscal year 1997, \$178.8 million in fiscal year 1998, \$98.8 million in fiscal year 1999, and \$6.0 million in fiscal year 2003. All \$978.7 million of refunds were initially paid from the General Revenue Fund and various other funds reimbursed their share of the refund liability through transfers to the General Revenue Fund as appropriated by the General Assembly. The total amount reimbursed from other funds was \$168.1 million. This calculation is based on Missouri court rulings regarding calculation of the limit and construing the term "total state revenues," including Buechner v. Bond 650 S.W. 2d 611 (Mo. banc 1983), Hancock v. Secretary of State 885 S.W. 2d 42 (Mo. App. W.D. 1994), and Kelly v. Hanson and Ward 959 S.W. 2d 107 (Mo. banc 1997) and other court cases. Currently, the State's revenues are more than \$1 billion below the revenue limitation.

Note 8 – Retirement Systems

The State has two major retirement systems which cover substantially all State employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS). The University of Missouri Retirement Plan is included as a college and university component unit. The Public School Retirement System is included in this note disclosure as the State contributes to it. The Missouri State Employees' Deferred Compensation Incentive Plan is a defined contribution pension plan, to which the State also contributes.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 8 – Retirement Systems (cont.)

Plan Descriptions

The Missouri State Employees' Plan (MSEP), Administrative Law Judges and Legal Advisors Plan (ALJLAP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with the Revised Statutes of Missouri Sections 104.010 and 104.312-104.1215, 287.812-287.856 and 476.445-476.690, respectively.

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the ALJLAP and Judicial Plan are administered and paid by MOSERS.

MOSERS provides retirement, death and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). The retirement eligibility requirements are as follows:

MSEP

Age 65 and active with 4 years of service
Age 65 with 5 years of service
Age 60 with 15 years of service
Age 50 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 55 with at
least 10 years of service with reduced benefits.

MSEP 2000

Age 62 with 5 years of service
Age 50 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 57 with at
least 5 years of service with reduced benefits.

ALJLAP

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 65 with less
than 12 years of service with a reduced
benefit that is based upon years of
service relative to 12 years.

Judicial Plan

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 62 with less
than 12 years of service or age 60 with less
than 15 years of service with reduced benefit
that is based upon years of service relative to
12 or 15 years.

For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP, ALJLAP, and Judicial Plan may make a one-time election to receive the present value of benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

The Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS) is a single-employer defined benefit public employees' retirement system administered in accordance with the Revised Statutes of Missouri Sections 104.010-104.270.

HEHPRS membership is composed of qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 8 – Retirement Systems (cont.)

HEHPRS provides retirement, death and disability benefits to its members. HEHPRS employees are fully vested after 5 years of creditable service. Employees may retire at age 65 with 4 years of service; age 60 with 15 years of service; or age 50 with age and service equaling 80 or more. Employees may retire at or after age 55 and receive a reduced benefit if they have at least 10 years of service. For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the CPI. Effective August 28, 1994, uniformed patrol members who previously served in the police force of any city will be allowed to purchase creditable service time of up to 4 years maximum.

Copies of financial reports issued by MOSERS and HEHPRS can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Funding Requirement

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by State law to make all required contributions to the System. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP, ALJLAP and the Judicial Plan are 8.81%, 20.02% and 52.12%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all contributions to HEHPRS. Current year calculated contribution rates are 32.93% for uniformed members of the Highway Patrol and 22.60% for non-uniformed members of the Highway Patrol and employees of the Department of Transportation. Actual contribution rates are 34.94% for uniformed and 23.29% for non-uniformed members of the Highway Patrol and employees of the Department of Transportation.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	<u>MSEP</u>	<u>ALJLAP</u>	<u>Judicial Plan</u>	<u>HEHPRS</u>
Annual required contribution	\$ 156,576	\$ 951	\$ 20,802	\$ 82,039
Interest on net pension obligation	4,729	8	3,266	---
Actuarial adjustment to annual required contribution	(3,308)	(6)	(2,320)	---
Annual pension cost	157,997	953	21,748	82,039
Contributions made	(156,576)	(951)	(20,802)	(82,039)
Increase in net pension obligation	1,421	2	946	---
Net pension obligation, beginning of year	55,638	92	38,417	---
Net pension obligation, end of year	<u>\$ 57,059</u>	<u>\$ 94</u>	<u>\$ 39,363</u>	<u>\$ ---</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 8 – Retirement Systems (cont.)

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2001, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4.0% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP and 0% to 1.6% for ALJLAP and Judicial Plan, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase 4.0% per year after retirement.

The actuarial valuation of the System dated June 30, 2003, will set the required contribution rates for the fiscal year ending June 30, 2005. The actuarial value of assets was determined using a 5-year valuation method which fully recognizes expected investment return and averages unanticipated market return. The unfunded actuarial accrued liabilities are amortized on a closed basis as a level percentage of payroll over 32 years.

The annual required contribution for HEHPRS for the current year was determined as part of an actuarial valuation as of June 30, 2002, using the normal entry age actuarial cost method. Significant actuarial assumptions used in the valuation for HEHPRS include (a) rate of return on the investment of 8.25% and (b) projected wage inflation rate of 4.0%.

As of June 30, 2003, the actuarial valuation of assets was determined using a 5-year adjusted value average. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 33 years.

Trend Information (in thousands of dollars)						
	MSEP			ALJLAP		
	Fiscal Year Ending		Fiscal Year Ending	Fiscal Year Ending		Fiscal Year Ending
	06/30/03	06/30/02	06/30/01	06/30/03	06/30/02	06/30/01
Annual Pension Cost (APC)	\$ 157,997	\$ 210,897	\$ 217,459	\$ 953	\$ 1,075	\$ 1,078
Percentage of APC Contributed	99.10%	99.34%	99.21%	99.79%	99.77%	99.74%
Net Pension Obligation	\$ 57,059	\$ 55,638	\$ 54,256	\$ 94	\$ 93	\$ 90
Judicial Plan						
	Fiscal Year Ending			Fiscal Year Ending		
	06/30/03	06/30/02	06/30/01	06/30/03	06/30/02	06/30/01
Annual Pension Cost (APC)	\$ 21,748	\$ 23,121	\$ 23,651	\$ 82,039	\$ 77,440	\$ 81,155
Percentage of APC Contributed	95.65%	95.53%	95.02%	100%	100%	100%
Net Pension Obligation	\$ 39,363	\$ 38,417	\$ 37,384	\$ ---	\$ ---	\$ ---

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 8 – Retirement Systems (cont.)

Public School Retirement System of Missouri:

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public colleges and universities and some State employees.

The benefit provisions include retirement annuities, death benefits and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$2,950,949, \$3,056,577, and \$3,514,745 for the years ending June 30, 2003, 2002 and 2001, respectively, to the System, equal to the required contributions for each year.

Copies of the System's June 30, 2003, Comprehensive Annual Financial Report can be requested from:

Public School Retirement System of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

Missouri State Employees' Deferred Compensation Incentive Plan:

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code. It is administered by the Public Employees Benefit Services Corporation (PEBSCO).

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months immediately preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes \$25 per month for each employee that meets these requirements. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2003, employer contributions were \$11,593,862. No employee contributions are made to the Plan.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 8 – Retirement Systems (cont.)

College and University:

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability and Death Benefit Plan is a single employer, defined benefit Plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan, and the University, as authorized by State statute, administers it.

All full-time employees are eligible for benefits after five years of credited service. Full benefits are available to members who retire at age 65 or after. Early retirement may be taken, at member's option, after age 55 with at least ten years of credited service, or age 60 with five years of credited service. Benefits are reduced for those who retire early, unless they retire at age 62 or later with at least 25 years of credited service. At retirement, up to 30% of the value of the retirement annuity can be taken in a lump sum; also the single life annuity can be exchanged for an actuarially annuity option.

Separate financial statements and supplemental schedules are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2003 Financial Report, which is publicly available. Copies of this report can be requested from:

University of Missouri System
Office of the Controller
118 University Hall
Columbia, Missouri 65211

Funding Requirement

The University's contributions to the Plan are equal to the actuarially determined contribution requirement, as a percent of payroll, which averaged 2.6% for the year ended June 30, 2003. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually at the beginning of the University's fiscal year on July 1 to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1, and the adoption of any Plan amendments during the interim.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

Annual required contribution	\$ 17,962
Interest on net pension obligation	---
Adjustment to annual required contribution	---
Annual pension cost	<u>17,962</u>
Contributions made	(17,962)
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	<u>\$ ---</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 8 – Retirement Systems (cont.)

The annual required contribution for the University for the current year was determined as part of an actuarial valuation of the System as of October 1, 2001, using the entry age normal actuarial cost method and adjusted for the Plan amendments effective September 1, 2002. Significant actuarial assumptions used in the valuation include (a) assumed rate of return on investments of 8.0% per year, (b) projected salary increases for academic and administrative employees averaging 5.2% per year, (c) projected salary increases for clerical and service employees averaging 4.5% per year and, (d) assumed no future retiree ad-hoc increases or cost of living adjustments.

Trend Information (in thousands of dollars)

	<u>Fiscal Year Ending</u>		
	<u>06/30/03</u>	<u>06/30/02</u>	<u>06/30/01</u>
Annual Pension Cost (APC)	\$ 17,962	\$ 25,319	\$ 29,272
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

Note 9 – Other Postemployment Benefits

In addition to the retirement benefits described in *Note 8*, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the Highway and Transportation Employees' and Highway Patrol Insurance Plan (HEHPIP), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, HEHPIP, and CEIP for health care benefits are approximately 10,399, 3,798, and 491, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, HEHPIP, and CEIP for life insurance benefits are 12,218, 3,004, and 357, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. HEHPIP and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2003 the State's contributions were 50.40% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the number of retirees/long-term disability claimants participating in each plan is as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	10,399	---
MOSERS	---	12,218
HEHPIP	3,798	3,004
CEIP	491	357
Total	14,688	15,579

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 9 – Other Postemployment Benefits

During fiscal year 2003 the State contributed the following amounts:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 30,070,708	\$ ---
MOSERS	---	1,353,292
HEHPIP	8,957,517	---
CEIP	<u>1,193,826</u>	<u>---</u>
 Total	 <u>\$ 40,222,051</u>	 <u>\$ 1,353,292</u>

During fiscal year 2003 the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 58,227,976	\$ ---
MOSERS	---	---
HEHPIP	22,755,595	1,700,000
CEIP	<u>2,247,433</u>	<u>227,885</u>
 Total	 <u>\$ 83,231,004</u>	 <u>\$ 1,927,885</u>

College and University Funds:

University of Missouri

In addition to the retirement benefits described in *Note 8*, the University provides postemployment medical care, dental care and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 5,694 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2003 the University's contributions were 50.79% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 5,025 for medical care, 4,462 for dental care, 2,868 for life insurance, and 4,103 for Accidental Death and Dismemberment, Dependent Life and Long-Term Care. During fiscal year 2003, the University contributed \$13,021,411 for other postemployment benefits. During fiscal year 2003, the expenditures recognized by the University for (employer/employee) other postemployment benefits were \$26,847,916.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 10 – Missouri State Public Employees’ Deferred Compensation Plan

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees’ Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Investments are managed by the Plan’s trustee under one of several investment options, or a combination thereof. The choice of investment option(s) is made by the participants.

Copies of the Plan’s financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Note 11 – Changes in Short-Term Liabilities

The State uses a bank overdraft line of credit to compensate for timing in cash payments and receipts. Budget reserve loans are also issued to the General Revenue Fund and other Funds to maintain adequate cash balances for anticipated payments. Temporary notes were issued, on a one-time basis, by the Tobacco Settlement Financing Authority to pay certain principal amounts of outstanding General Obligation, Convention Center, and Public Facilities Acute Care debt.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2003 (in thousands of dollars):

	<u>Balance</u> <u>July 1, 2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2003</u>
Governmental Activities:				
Bank Overdraft	\$ 6	\$ 520,585	\$ (520,588)	\$ 3
Budget Reserve Loans	---	400,413	(400,413)	---
Temporary Notes	---	49,835	(49,835)	---
Total Governmental Activities	<u>\$ 6</u>	<u>\$ 970,833</u>	<u>\$ (970,836)</u>	<u>\$ 3</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 12 – Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2003 (in thousands of dollars):

	Balance July 1, 2002	Increases	Decreases	Balance June 30, 2003	Due Within One Year
Governmental Activities:					
Due to Other Entities	\$ 20,151	\$ 9,954	\$ (1,000)	\$ 29,105	\$ 1,526
General Obligation Bonds Payable	923,795	559,180	(582,230)	900,745	40,015
Other Bonds Payable	1,054,415	387,425	(30,885)	1,410,955	40,115
Unamortized Bond Premium	15,343	69,354	(4,552)	80,145	---
Obligations Under Lease/Purchases	235,196	27,169	(27,394)	234,971	22,706
Compensated Absences	156,972	141,408	(143,638)	154,742	143,638
Claims/Judgements	226,293	34,113	(148,622)	111,784	34,328
2 nd Injury Fund Claims/Judgements	242,596	8,741	(50,209)	201,128	50,209
Total Governmental Activities	<u>\$ 2,874,761</u>	<u>\$ 1,237,344</u>	<u>\$ (988,530)</u>	<u>\$ 3,123,575</u>	<u>\$ 332,537</u>
Business-Type Activities:					
Claims Liability	\$ 90,477	\$ 44,591	\$ (15,078)	\$ 119,990	\$ 22,000
Grand Prize Winner Liability	110,609	46,073	(50,717)	105,965	37,240
Obligations Under Lease/Purchases	28	96	(3)	121	5
Compensated Absences	1,878	2,713	(2,631)	1,960	1,960
Total Business-Type Activities	<u>\$ 202,992</u>	<u>\$ 93,473</u>	<u>\$ (68,429)</u>	<u>\$ 228,036</u>	<u>\$ 61,205</u>

Note 13 – Bonds Payable

Bonds are long-term liabilities and are reconciling items from fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement. These bonds are included as long-term liabilities because the principal and interest payments required for retirement of the bonds are made from governmental funds.

General Obligation Bonds:

The Board of Fund Commissioner's of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund to the Debt Service Funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. The Water Pollution Control Bonds are used to provide funds for the protection of the environment through the control of water pollution. The total amount authorized for issue is \$725,000,000. Proceeds from the \$600,000,000 Third State Building Bonds were used to provide funds for improvements of State buildings and property. Proceeds from the \$250,000,000 Fourth State Building Bonds are used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds are used to provide funds to protect the environment through the control of stormwater. The total amount authorized for issue is \$200,000,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Water Pollution Control Bonds:				
Series A 1987 Refunding	8/1/87	\$ 49,715	A 1981	\$ 16,940
			B 1983	9,625
			A 1985	19,575
Series B 1991 Refunding	11/1/91	17,435	A 1983	16,415
Series C 1991 Refunding	11/1/91	33,575	B 1987	30,695
Series B 1992 Refunding	8/15/92	50,435	A 1986	46,400
Series B 1993 Refunding	8/1/93	109,415	A 1987 Refunding	33,240
			A 1989	27,280
			A 1991	27,350
			B 1991 Refunding	11,355
Series B 2002 Refunding	10/15/02	147,710	C 1991 Refunding	21,875
			A 1992	26,560
			B 1992 Refunding	33,595
			A 1993	22,350
			A 1995	22,520
			A 1996	25,900
Third State Building Bonds:				
Series A 1987 Refunding	8/1/87	170,115	B 1983	33,675
			A 1984	48,130
			A 1985	73,375
Series A 1991 Refunding	11/1/91	34,870	A 1983	32,835
Series B 1991 Refunding	11/1/91	71,955	B 1987	65,780
Series A 1992 Refunding	8/15/92	273,205	A 1986	251,355
Series A 1993 Refunding	8/1/93	148,480	A 1987 Refunding	113,725
Series A 2002 Refunding	10/15/02	211,630	A 1991 Refunding	22,935
			B 1991 Refunding	47,320
			A 1992 Refunding	181,170
Fourth State Building Bonds:				
Series A 2002 Refunding	10/15/02	154,840	A 1995	56,300
			A 1996	92,485

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2003, \$544,494,240 of the Water Pollution Control Bonds; \$600,000,000 of the Third State Building Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$180,505,760 and Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Third State Building Bonds and the Fourth State Buildings Bonds.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

General obligation bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series A 1993	4.3 – 7.3%	2/1; 8/1	8/93	8/1/18	\$ 30,000	\$ 945
Series B 1993 – Refunding	4.3 – 7.3%	2/1; 8/1	8/93	8/1/16	109,415	83,540
Series A 1995	5.125 – 8.0%	4/1; 10/1	4/95	4/1/20	30,000	1,850
Series A 1996	5.2 – 6.25%	2/1; 8/1	8/96	8/1/21	35,000	4,125
Series A 1998	4.25 – 6.25%	12/1; 6/1	6/98	6/1/23	35,000	30,660
Series A 1999	4.5 – 7.5%	10/1; 4/1	10/99	10/1/24	20,000	18,615
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	20,000	19,045
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	30,000	30,000
Series B 2002 – Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	147,710	147,710
Third State Building Bonds:						
Series A 1993 – Refunding	4.3 – 7.3%	2/1; 8/1	8/93	8/1/12	148,480	91,475
Series A 2002 – Refunding	4.0 – 5.0%	4/1; 10/1	10/02	10/1/12	211,630	211,630
Fourth State Building Bonds:						
Series A 1995	5.125 – 8.0%	4/1; 10/1	4/95	4/1/20	75,000	4,625
Series A 1996	5.2 – 6.25%	2/1; 8/1	8/96	8/1/21	125,000	14,745
Series A 1998	4.25 – 6.25%	12/1; 6/1	6/98	6/1/23	50,000	43,805
Series A 2002 – Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	154,840	154,840
Stormwater Control Bonds:						
Series A 1999	4.5 – 7.5%	10/1; 4/1	10/99	10/1/24	20,000	18,615
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	10,000	9,520
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	15,000	15,000
Total General Obligation Bonds						
					\$ 1,267,075	\$ 900,745

As of June 30, 2003, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2004	\$ 40,015	\$ 42,724	\$ 82,739
2005	64,275	40,246	104,521
2006	67,050	36,977	104,027
2007	72,340	33,505	105,845
2008	78,840	29,998	108,838
2009–2013	285,105	100,289	385,394
2014–2018	153,775	53,012	206,787
2019–2023	114,950	18,670	133,620
2024–2028	24,395	2,587	26,982
Totals	\$ 900,745	\$ 358,008	\$ 1,258,753

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits State agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the State agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and to pay the costs of operations. The total amount authorized for the Board equals \$825,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Board of Public Buildings:				
Series A 1983 Refunding	10/1/83	\$ 43,445	A 1981	\$ 43,445
Series A 1985 Refunding	12/1/85	150,560	1966 1967 A 1978 A 1979 A 1980 A 1983 Refunding A 1984	2,160 825 11,745 2,260 3,795 39,875 89,900
Series A 1991 Refunding	12/1/91	148,500	A 1985 Refunding A 1988 B 1988 C 1988	107,700 19,165 2,550 2,145
Series A 2001 Refunding	10/1/01	83,465	A 1991 Refunding	86,810

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2003, the Board of Public Buildings Bonds had used \$751,205,000 of the bond authorization. The remaining authorization is \$73,795,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2001	4.25 – 5.5%	5/1; 11/1	5/01	5/1/26	\$ 173,870	\$ 166,140
Series B 2001 – Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	83,465	75,920
Series A 2003	4.0 – 6.0%	4/15;10/15	4/03	10/15/28	387,425	387,425
Total Board of Public Buildings Bonds					\$ 644,760	\$ 629,485

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

As of June 30, 2003, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2004	\$ 13,005	\$ 30,616	\$ 43,621
2005	13,560	30,506	44,066
2006	14,130	29,892	44,022
2007	25,715	29,043	54,758
2008	26,535	27,764	54,299
2009–2013	117,950	118,672	236,622
2014–2018	109,060	90,206	199,266
2019–2023	136,105	60,528	196,633
2024–2028	147,245	24,175	171,420
2029	<u>26,180</u>	<u>622</u>	<u>26,802</u>
Totals	<u>\$ 629,485</u>	<u>\$ 442,024</u>	<u>\$ 1,071,509</u>

The Health and Educational Facilities Authority issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project), Series 2001, dated November 1, 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated November 1, 2001, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year. These bonds are included as Long-Term Liabilities since they will be repaid with moneys from the General Fund.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2003 were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Maturity Date	Final Issued	Outstanding
Educational Facilities Revenue Bonds:						
Series 2001	3.0 – 5.0%	5/1; 11/1	11/01	11/1/21	\$ <u>35,000</u>	<u>\$ 35,000</u>

As of June 30, 2003, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2004	\$ ---	\$ 1,554	\$ 1,554
2005	1,335	1,534	2,869
2006	1,380	1,493	2,873
2007	1,430	1,450	2,880
2008	1,485	1,402	2,887
2009–2013	8,435	5,972	14,407
2014–2018	10,505	3,844	14,349
2019–2022	<u>10,430</u>	<u>1,034</u>	<u>11,464</u>
Totals	<u>\$ 35,000</u>	<u>\$ 18,283</u>	<u>\$ 53,283</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds, Series A 1991, dated August 15, 1991. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds, Series A 1993, for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. These bonds are included as Long-Term Liabilities since they will be repaid with moneys from the General Fund.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2003 were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Convention and Sports Facility Project Bonds:						
Series A 1991	4.9 – 6.9%	2/15; 8/15	8/91	8/15/03	\$ 132,910	\$ 2,845
Series A 1993 – Refunding	2.75 – 5.6%	2/15; 8/15	12/93	8/15/21	<u>121,705</u>	<u>113,170</u>
Total Convention and Sports Facility Project Bonds					<u>\$ 254,615</u>	<u>\$ 116,015</u>

As of June 30, 2003, the debt service requirement of the State for principal and interest in future years for the Convention and Sports Facility Project Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2004	\$ 3,655	\$ 6,345	\$ 10,000
2005	3,880	6,120	10,000
2006	4,065	5,935	10,000
2007	4,265	5,735	10,000
2008	4,480	5,520	10,000
2009–2013	26,280	18,720	45,000
2014–2018	34,360	10,640	45,000
2019–2022	<u>35,030</u>	<u>9,970</u>	<u>45,000</u>
Totals	<u>\$ 116,015</u>	<u>\$ 68,985</u>	<u>\$ 185,000</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

The Missouri Highways and Transportation Commission authorized by Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the State Road Fund.

The total amount authorized for the Commission equals \$2,250,000,000. On December 1, 2000, the Commission issued \$250,000,000 principal amount of State Road Bonds, Series A 2000. In October 2001, the Commission issued \$200,000,000 principal amount of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with principal amount of \$203,000,000. As of June 2003, the Missouri Highways and Transportation Commission had used \$653,000,000 of the bond authorization.

The State Road Bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2000	4.30–5.625%	2/1; 8/1	12/00	2/1/20	\$ 250,000	\$ 234,875
Series A 2001	2.25–5.125%	2/1; 8/1	10/01	2/1/21	200,000	192,580
Series A 2002	3.00–5.25%	2/1; 8/1	6/02	2/1/22	203,000	203,000
Total Missouri Highways and Transportation Commission					\$ 653,000	\$ 630,455

As of June 30, 2003 debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission State Road Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2004	\$ 23,455	\$ 31,086	\$ 54,541
2005	24,375	30,126	54,501
2006	25,340	29,154	54,494
2007	26,400	28,107	54,507
2008	27,405	26,953	54,358
2009–2013	158,015	113,757	271,772
2014–2018	202,380	69,528	271,908
2019–2022	143,085	15,337	158,422
Totals	<u>\$ 630,455</u>	<u>\$ 344,048</u>	<u>\$ 974,503</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

Component Units' Long-Term Debt – The following bonds are included in the balance sheet of the College and University Funds and the Non-Major Component Units.

Major

College and University Funds:

The colleges and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2003, debt service requirements for principal and interest for the colleges and universities were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2004	\$ 23,236	\$ 34,442	\$ 57,678
2005	24,523	33,493	58,016
2006	26,132	32,478	58,610
2007	26,821	31,391	58,212
2008	25,965	30,239	56,204
2009–2013	137,197	132,460	269,657
2014–2018	148,326	98,167	246,493
2019–2023	134,225	63,258	197,483
2024–2028	128,775	30,340	159,115
2029	80,970	7,877	88,847
Totals ⁽¹⁾	\$ 756,170	\$ 494,145	\$ 1,250,315

⁽¹⁾The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

Non-Major

Development Finance Board:

On July 1, 2000, the Development Finance Board issued \$7,700,000 in Infrastructure Facilities Grant Anticipation Bonds, Series 2000A. The Series 2000A bonds is not an obligation of the Board and do not constitute a pledge of the full faith and credit of the State. In December 2000, the Board issued \$39,555,000 in Facilities Revenue Bonds for the purpose of paying the costs of acquiring and constructing a convention center hotel and hotel garage in St. Louis. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the convention center.

The Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Development Finance Board: Revenue Bonds						
Series 2000A	5.75%	8/1	7/00	8/1/04	\$ 7,700	\$ 7,700
Series 2000B	up to 8.5%	12/1	12/00	12/1/20	6,500	6,500
Series 2000C	up to 6.7%	12/1	12/00	12/1/20	14,600	14,600
Total Development Finance Board Revenue Bonds					\$ 28,800	\$ 28,800

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

As of June 30, 2003, the debt service requirements for principal and interest in future years for the Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ ---	\$ 2,237	\$ 2,237
2005	7,700	2,019	9,719
2006	---	1,793	1,793
2007	300	1,793	2,093
2008	300	1,768	2,068
2009–2013	1,600	8,467	10,067
2014–2018	2,100	7,697	9,797
2019–2021	<u>16,800</u>	<u>4,135</u>	<u>20,935</u>
Totals	<u>\$ 28,800</u>	<u>\$ 29,909</u>	<u>\$ 58,709</u>

In December 2002, the Development Finance Board purchased a rate cap agreement of 8.5% for Series 2000B bonds and 6.7% for Series 2000C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate. The annual debt service schedule above uses an interest rate of 8.5% for the Series 2000B and Series 2000C bonds, which represents the maximum interest rate under the rate cap agreement.

Under a financing agreement dated July 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Development Finance Board in the amount of \$7,700,000 to pay the principal on the Series 2000A bond. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2004	\$ ---
2005	<u>7,700</u>
Totals	<u>\$ 7,700</u>

Transportation Corporations:

The Fulton 54 Transportation Corporation issued \$8,705,000 of Highway Revenue Bonds Series 2000 dated September 1, 2000. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Fulton 54 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Fulton 54 Transportation Corporation:						
Highway Revenue Bonds Series 2000	4.60–5.00%	9/1	9/00	9/1/07	<u>\$ 8,705</u>	<u>\$ 8,705</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

As of June 30, 2003, debt service requirements for principal and interest in future years for the Fulton 54 Transportation Corporation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ ---	\$ 412	\$ 412
2005	2,165	363	2,528
2006	2,165	262	2,427
2007	2,180	158	2,338
2008	<u>2,195</u>	<u>52</u>	<u>2,247</u>
Totals	<u>\$ 8,705</u>	<u>\$ 1,247</u>	<u>\$ 9,952</u>

Under a financing agreement dated September 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Fulton 54 Transportation Corporation in the amount of \$7,695,000 to pay a portion of the principal on the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2004	\$ ---
2005	2,165
2006	2,165
2007	2,165
2008	<u>1,200</u>
Totals	<u>\$ 7,695</u>

The Missouri Highway 179 Transportation Corporation issued \$22,930,000 of Highway Revenue Bonds Series 1997 dated September 1, 1997. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Missouri Highway 179 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highway 179 Transportation Corporation: Highway Revenue Bonds Series 1997	3.95 – 5.25%	3/1; 9/1	9/97	9/1/08	<u>\$ 22,930</u>	<u>\$ 14,915</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

As of June 30, 2003, debt service requirements for principal and interest in future years for the Missouri Highway 179 Transportation Corporation Highway Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ 2,220	\$ 664	\$ 2,884
2005	2,315	563	2,878
2006	2,420	456	2,876
2007	2,530	344	2,874
2008	2,645	216	2,861
2009	<u>2,785</u>	<u>73</u>	<u>2,858</u>
Totals	\$ 14,915	\$ 2,316	\$ 17,231

Under a financing agreement dated August 1, 1997, the Missouri Highways and Transportation Commission will make payments to the Highway 179 Transportation Corporation in the amount of \$24,910,000 to pay a portion of the principal and interest on the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Commission's Total Payments</u>
2004	\$ 1,824	\$ 546	\$ 2,370
2005	1,782	658	2,440
2006	1,755	759	2,514
2007	1,709	880	2,589
2008	1,580	1,087	2,667
2009	<u>1,742</u>	<u>1,358</u>	<u>3,100</u>
Totals	\$ 10,392	\$ 5,288	\$ 15,680

In April 1997, the Springfield, MO State Highway Improvement Corporation issued \$16,440,000 of Transportation Revenue Bonds, Series 1997. On August 1, 1999, the Corporation issued \$17,240,000 of Transportation Revenue Bonds, Series 1999. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Springfield, MO State Highway Improvement Corporation:						
Transportation Revenue						
Bonds Series 1997	5.0	– 5.25%	2/1; 8/1	4/97	8/1/03	\$ 16,440
Bonds Series 1999	3.6	– 4.75%	2/1; 8/1	8/99	8/1/05	<u>\$ 17,240</u>
Total Springfield, MO State Highway Improvement Corporation Bonds						<u>\$ 33,680</u>
						<u>\$ 14,100</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

As of June 30, 2003, debt service requirements for principal and interest in future years for the Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ 5,630	\$ 527	\$ 6,157
2005	5,000	275	5,275
2006	<u>3,470</u>	<u>78</u>	<u>3,548</u>
Totals	\$ 14,100	\$ 880	\$ 14,980

Under an amended financing agreement dated August 5, 1999, the Missouri Highways and Transportation Commission will make payments to the Springfield, MO Highway Improvement Corporation in the amount of \$28,667,000 to pay a portion of the principal of the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2004	\$ 5,000
2005	5,000
2006	<u>3,667</u>
Totals	\$ 13,667

The Wentzville Parkway Transportation Corporation issued \$12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Wentzville Parkway Transportation Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2003, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Wentzville Parkway Transportation Corporation: Transportation Revenue Bonds Series 2001	3.4 – 4.9%	2/1; 8/1	5/01	8/1/10	\$ 12,935	\$ 12,590

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 13 – Bonds Payable (cont.)

As of June 30, 2003, debt service requirements for principal and interest in future years for the Wentzville Parkway Transportation Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ 80	\$ 570	\$ 650
2005	85	566	651
2006	100	562	662
2007	8,935	362	9,297
2008	485	152	637
2009-2011	<u>2,905</u>	<u>278</u>	<u>3,183</u>
Totals	<u>\$ 12,590</u>	<u>\$ 2,490</u>	<u>\$ 15,080</u>

Under a funding agreement dated April 6, 2001, the Missouri Highways and Transportation Commission will make a fixed sum payment to the Wentzville Parkway Transportation Corporation in the amount of \$8,849,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Commission Payments</u>
2004	\$ ---
2005	---
2006	---
2007	<u>8,849</u>
Totals	<u>\$ 8,849</u>

Bond Transactions of the State of Missouri – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2003 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Revenue Bonds</u>	<u>Totals</u>
Bonds Payable at July 1, 2002	\$ 923,795	\$ 1,054,415	\$ ---	\$ 1,978,210
Bond Issuance	559,180	387,425	---	946,605
Bonds Retired	<u>(582,230)</u>	<u>(30,885)</u>	<u>---</u>	<u>(613,115)</u>
Subtotal	900,745	1,410,955	---	2,311,700
College and University ⁽¹⁾	---	---	756,170	756,170
Development Finance Board	---	---	28,800	28,800
Fulton 54 Transportation Corporation	---	---	8,705	8,705
Highway 179 Transportation Corporation	---	---	14,915	14,915
Springfield, MO State Highway Improvement	---	---	14,100	14,100
Wentzville Parkway Transportation Corporation	<u>---</u>	<u>---</u>	<u>12,590</u>	<u>12,590</u>
Bonds Payable at June 30, 2003	<u>\$ 900,745</u>	<u>\$ 1,410,955</u>	<u>\$ 835,280</u>	<u>\$ 3,146,980</u>

⁽¹⁾ Detailed information for College and University Funds are not shown.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 14 – Defeased Debt

A. Current Year Debt Defeasance

On October 15, 2002, the State of Missouri issued \$147,710,000 in Water Pollution Control General Obligation Refunding Bonds, Series B 2002, with interest rates ranging from 3.375% to 5.00% to refund \$82,030,000 of outstanding Water Pollution Control, Series C 1991–Refunding, Series A 1992 and Series B 1992–Refunding bonds with interest rates ranging from 5.00% to 7.75% and to advance refund \$70,770,000 (callable portions) of outstanding Series A 1993, Series A 1995, and Series A 1996 bonds with interest rates ranging from 4.30% to 8.00%. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for the bonds have been removed from the financial statements. The State reduced its total debt service payments over the next 18 years by \$19,050,322 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$14,489,404.

On October 15, 2002, the State of Missouri issued \$211,630,000 in Third State Building General Obligation Refunding Bonds, Series A 2002, with interest rates ranging from 4.00% to 5.00% to refund \$228,490,000 of outstanding Third State Building, Series B 1991–Refunding and Series A 1992–Refunding bonds with interest rates ranging from 5.00% to 7.75%. The securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the financial statements. The State reduced its total debt service payments over the next 10 years by \$20,420,109 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$17,983,782.

On October 15, 2002, the State of Missouri issued \$154,840,000 in Fourth State Building General Obligation Refunding Bonds, Series A 2002, with interest rates ranging from 3.375% to 5.00% to advance refund \$148,785,000 (callable portions) of outstanding Fourth State Building, Series A 1995 and Series A 1996 bonds with interest rates ranging from 5.125% to 8.00%. The securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the financial statements. The State reduced its total debt service payments over the next 16 years by \$25,998,458 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$17,734,348.

On December 23, 2002, Central Missouri State University issued \$14,340,000 of Series 2002, Revenue Bonds. The bonds bear interest at rates of 1.25% to 4.35% paid semiannually. Proceeds from the issuance of these bonds were used to fund the energy savings program and to refund the Library Facility, Series 1995 Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$667,222. The difference is reported as a deduction from bonds payable and is being amortized to interest expense through the year 2017. The University completed the advance refunding to reduce its total debt service payments over the next 22 years by \$2,356,927 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$645,000. On June 30, 2003, \$7,720,000 of bonds outstanding are considered defeased.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 14 – Defeased Debt (cont.)

During fiscal year 2003, Southwest Missouri State University issued \$16,510,000 of Auxiliary Enterprise System Bonds, Series A 2002 and \$5,445,000 of Classroom Buildings Bonds, Series 2002. The Series 2002 Bonds refunded \$5,295,000 of Auxiliary Enterprise System Bonds, Series A 1993, \$14,235,000 of Auxiliary Enterprise System Bonds, Series B 1993, and \$5,155,000 of Classroom Building Bonds, Series 1996. The bonds are considered to be defeased and the liability for these bonds has been removed from the financial statements of the University. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,940,669 for the Auxiliary Enterprise System Bonds and \$488,989 for the Classroom Building Bonds. This difference is reported as a deduction from bonds payable and is being amortized to interest expense through year 2010 for the Auxiliary Enterprise System Bonds and through year 2016 for the Classroom Building Bonds. The University completed the refunding to reduce its total debt service payments over the next 13 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,787,134 for the Auxiliary Enterprise System Bonds and \$379,173 for the Classroom Building Bonds. At June 30, 2003, defeased bonds aggregating \$30,470,000 are outstanding.

B. Prior Year Debt Defeasances

In prior years, various bond issues were defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the Governmental Activities or College and University Funds statement of net assets.

Governmental Activities – As of June 30, 2003, bonds outstanding of \$995,645,000 are defeased.

College and University Funds – As of June 30, 2003, bonds outstanding of \$105,046,000 are defeased.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 15 – Payables and Receivables

	Governmental Activities	Business-Type Activities	Balance June 30, 2003
Accounts Payable:			
Taxpayers	\$ 96,758	\$ ---	\$ 96,758
Other Governments	211,344	474	211,818
Vendors	781,041	13,332	794,373
Beneficiaries	40,870	---	40,870
Employees	102,827	1,405	104,232
Other	<u>47,314</u>	<u>185</u>	<u>47,499</u>
Total Accounts Payable	<u>\$ 1,280,154</u>	<u>\$ 15,396</u>	<u>\$ 1,295,550</u>
Accounts Receivable:			
Taxpayers	\$ 1,089,721	\$ 3,082	\$ 1,092,803
Other Governments	547,503	261	547,764
Vendors	713,735	---	713,735
Customers	581,434	125,497	706,931
Other	<u>61,347</u>	<u>440</u>	<u>61,787</u>
Accounts Receivable	2,993,740	129,280	3,123,020
Amounts not expected to be collected	<u>(912,048)</u>	<u>(16)</u>	<u>(912,064)</u>
Accounts Receivable, net	<u>\$ 2,081,692</u>	<u>\$ 129,264</u>	<u>\$ 2,210,956</u>

Note 16 – Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2003, is shown below (in thousands of dollars):

Due From/To Other Funds, Component Units, and Primary Government	Assets	Liabilities
General Fund	\$ 42	\$ 22,708
Public Education	18,615	228
Conservation and Environmental Protection	648	1,487
Transportation and Law Enforcement	86	1,868
State Road Fund	2,928	12,536
Non-Major Governmental Funds	70	1,394
State Lottery	---	18,706
Petroleum Storage Tank Insurance	---	20
Non-Major Enterprise Funds	90	432
Internal Service Funds	15,497	547
Fiduciary Funds	30,169	18,892
Non-Major Component Units	<u>13,602</u>	<u>2,929</u>
	<u>\$ 81,747</u>	<u>\$ 81,747</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 16 – Interfund Assets and Liabilities (cont.)

Interfund assets and liabilities are recorded for payroll liabilities, group insurance, deferred compensation, retirement, and interfund sales and services. Interfund assets and liabilities are also recorded for transfers of money to Public Education from the State Lottery, to the State Road Fund from Fiduciary Funds, to Conservation and Environmental Protection from the Non-Major Component Units, and between the Non-Major Component Units and the State Road Fund.

Advances To/From Other Funds, Component Units, and Primary Government	<u>Assets</u>	<u>Liabilities</u>
General Fund	\$ ---	\$ 49,552
Conservation and Environmental Protection	4,193	---
State Road Fund	3,333	53,187
Fiduciary Funds	49,552	---
Non-Major Component Units	<u>60,877</u>	<u>15,216</u>
	<u>\$ 117,955</u>	<u>\$ 117,955</u>

Interfund advances, which are not expected to be repaid within one year, include \$53.2 million due from the State Road Fund to the Non-Major Component Units, \$49.6 million due from the General Fund to Unclaimed Property, a Fiduciary Fund, \$4.2 million due from the Non-Major Component Units to Conservation and Environmental Protection, \$7.7 million between the Non-Major Component Units, and \$3.3 million due to the State Road Fund from the Non-Major Component Units.

The loans from the Component Units were for the construction of additional state highways. Loans from the Unclaimed Property Fund were to provide for cash flow requirements.

During the consolidation process to the Government-Wide Combined Statement of Net Assets, interfund payables and receivables were eliminated as follows: Business-Type Activities in the amount of \$9,000, Governmental Activities in the amount of \$5,584,000 and Component Units in the amount of \$1,180,000.

Advances between Non-Major Component Units of \$7,690,000 have been eliminated on the Government-Wide Combined Statement of Net Assets.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 17 – Interfund Transfers

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2003 are as follows (in thousands of dollars):

	Transfers In:				
	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
Transfers Out:					
General Fund	\$ ---	\$ 2,150,227	\$ 116	\$ 2,804	\$ ---
Public Education	36,239	---	---	---	---
Conservation and Environmental Protection	3,256	---	---	---	---
Transportation and Law Enforcement	3,123	---	---	---	187,893
State Road	28	---	---	---	---
Non-Major Governmental Funds	321,445	38,723	11,927	---	---
State Lottery	78	204,282	---	---	---
Petroleum Storage Tank	150	---	---	---	---
Non-Major Enterprise Funds	1,598	---	---	925	---
Internal Service Funds	2,249	---	---	---	---
Fiduciary Funds	39,432	---	---	1	---
Non-Major Component Units	10	---	---	---	---
Totals	\$ 407,608	\$ 2,393,232	\$ 12,043	\$ 3,730	\$ 187,893

Continues Below

	Non-Major Governmental	Petroleum Storage Tank	Non-Major Enterprise	Fiduciary	Totals
Transfers Out:					
General Fund	\$ 68,971	\$ 104	\$ 13	\$ 19,533	\$ 2,241,768
Public Education	---	---	---	125	36,364
Conservation and Environmental Protection	1,000	---	---	996	5,252
Transportation and Law Enforcement	11	---	---	6,505	197,532
State Road	---	---	---	---	28
Non-Major Governmental Funds	23,852	---	6,274	751	402,972
State Lottery	---	---	---	84	204,444
Petroleum Storage Tank	---	---	---	18	168
Non-Major Enterprise Funds	22	---	---	325	2,870
Internal Service Funds	---	---	---	293	2,542
Fiduciary Funds	1,752	---	---	---	41,185
Non-Major Component Units	---	---	---	---	10
Totals	\$ 95,608	\$ 104	\$ 6,287	\$ 28,630	\$ 3,135,135

Principle reasons for interfund transfers include:

- move general revenue funds to support elementary and secondary education
- move State Lottery revenue to support elementary and secondary education
- move general revenue funds to support social assistance programs reported in non-major governmental funds
- move funds related to the construction of capital assets.

During fiscal year 2003, certain funds were required to reimburse the central service agencies for overhead costs incurred on their behalf. The total amount reimbursed was \$13.5 million.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 18 – Restatements

During fiscal year 2003, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund categories (in thousands of dollars):

	June 30, 2002 Fund Balance/ Net Assets Previously Reported	Prior Period Adjustments	June 30, 2002 Fund Balance/ Net Assets Restated
GOVERNMENTAL FUNDS			
Major Governmental Funds			
General Fund	\$ 1,193,529	\$ (286,575)	\$ 906,954
Public Education	300,745	(2)	300,743
Conservation and Environmental Protection	757,964	(308)	757,656
Transportation and Law Enforcement	143,374	(3,641)	139,733
State Road Fund	444,583	---	444,583
Non-Major Governmental Funds			
Special Revenue	273,757	(316)	273,441
Debt Service	110,288	---	110,288
Capital Projects	127,014	---	127,014
Permanent	36,237	(7)	36,230
Total Governmental Funds	<u>\$ 3,387,491</u>	<u>\$ (290,849)</u>	<u>\$ 3,096,642</u>
PROPRIETARY FUNDS			
Major Enterprise Funds			
State Lottery	\$ 15,489	\$ ---	\$ 15,489
Unemployment Compensation	348,368	---	348,368
Petroleum Storage Tank Insurance	(51,222) *	(271)	(51,493)
Non-Major Proprietary Funds			
Enterprise	36,840 *	401	37,241
Internal Service	345,105	14,147	359,252
Total Proprietary Funds	<u>\$ 694,580</u>	<u>\$ 14,277</u>	<u>\$ 708,857</u>
FIDUCIARY FUNDS			
Pension Trust	\$ 6,406,099	\$ ---	\$ 6,406,099
Private-Purpose Trust	795,104	---	795,104
Total Fiduciary Funds	<u>\$ 7,201,203</u>	<u>\$ ---</u>	<u>\$ 7,201,203</u>
DISCRETELY PRESENTED COMPONENT UNITS			
Colleges and Universities	\$ 3,255,983	\$ 7,752	\$ 3,263,735
Non-Major Funds	124,521	(8,016)	116,505
Total Component Units	<u>\$ 3,380,504</u>	<u>\$ (264)</u>	<u>\$ 3,380,240</u>

* The Petroleum Storage Tank Insurance Fund is classified as a Major Enterprise Fund for the fiscal year ended June 30, 2003. It was a Non-Major Enterprise Fund for the fiscal year ended June 30, 2002 (see Note 2).

Purpose for restatements:

Governmental funds were restated as a result of additional information received relating to prior year revenue recognition for receivables and other revenue corrections, increases/decreases in accrued payroll, accounts payable, and inventory.

Proprietary funds were restated primarily to record adjustments made to fixed assets, accumulated depreciation, and depreciation expense.

College and University net assets were restated for a change in accounting method for Federal Perkins and Nursing Student Loan Programs, increases/decreases to accounts receivable and payable, and to increase fixed assets.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 18 – Restatements (cont.)

Non-major component units were restated for increases in bonds payable and interest payable.

On the Government-Wide Statement of Activities, Net Assets for Governmental Activities were restated by the amounts shown on the Restatement schedule for Governmental Funds and Internal Service Funds. In addition, Long-Term Claims/Judgments Liabilities for Governmental Activities increased due to the inclusion of the additional liability for the State's Second Injury Fund. Immaterial restatements were also made to other long-term liability accounts and other government-wide reconciling items.

Net assets for Business-Type Activities on the Government-Wide Statement of Activities were restated by the sum of all amounts shown on the Restatement schedule for Enterprise Funds. As mentioned earlier, these restatements were primarily for fixed assets, accumulated depreciation, and depreciation expense.

Note 19 – Fund Deficit

The following funds had deficit balances:

Enterprise Fund – Petroleum Storage Tank – At June 30, 2003, this fund had a net asset deficit of \$75,052,000. The deficit was \$51,222,000 at June 30, 2002. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will be closed on December 31, 2010, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the general assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the petroleum storage tank fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Internal Service Fund – Conservation Employees' Insurance Plan – At June 30, 2003, this fund had a net asset deficit of \$14,000. This deficit was \$1,012,000 at June 30, 2002. The significant improvement in fund net assets was caused by a one-time transfer of \$1,598,000. The deficit occurred when revenue from insurance premiums was not sufficient to cover the cost of claims. In fiscal year 2002, there were a few exceptionally large claims processed which caused the fund deficit. The Board will continue to monitor the deficit and may increase contribution rates, if required.

Internal Service Fund – Transportation Self-Insurance Plan – At June 30, 2003, this fund had a net assets deficit of \$5,282,000. This deficit was \$12,761,000 at June 30, 2002. The deficit occurred when revenue from insurance premiums were not sufficient to cover the cost of claims. The self-insurance plan is subject to annual actuarial review which is done on a calendar year basis. An actuarial study was completed in May 2003. The fiscal year 2004 appropriations were increased by 25% based on the actuarial study. The increase in appropriations should eliminate the deficit over time.

Internal Service Fund – Highway and Transportation Employees' and Highway Patrol Insurance Plan – At June 30, 2003, this fund had a net assets deficit of \$556,000. This deficit was \$5,675,000 at June 30, 2002. On January 1, 2002, the contribution rates increased resulting in a fiscal year 2002 increase to net assets of \$1,775,000. In January 2003, MoDOT and the Medical Board increased the State contribution rates resulting in a fiscal year 2003 increase of net assets of \$5,119,000. MoDOT and the Medical Board will continue to monitor ways to recover this deficit. This may include future increases to State and member contribution rates.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 19 – Fund Deficit (cont.)

Component Unit – Missouri Highway 63 Transportation Corporation – At June 30, 2003, the transportation corporation had a net asset deficit of \$94,000. This deficit occurred because the corporation was recently established and incurred one-time start up expenses. According to the Missouri Highway 63 Transportation Corporation's audited financial statements, the City of Kirksville has agreed to fund any corporation net asset deficits.

Note 20 – Related Party Transactions

The Missouri State Public Employees' Deferred Compensation Plan is administered by the Public Employees Benefit Services Corporation of Missouri (PEBSCO) under a contract for a term ending June 1, 2004. PEBSCO is a wholly-owned subsidiary of Nationwide Corporation of Columbus, Ohio. Nationwide Life Insurance Company, one of the guaranteed fixed annuity and variable annuity underwriters for the Plan, is also a subsidiary of Nationwide Corporation. At December 31, 2002, total investments of the Plan were \$736,708,576 and investments in Nationwide Life Insurance Company were \$627,190,736.

The Highway and Transportation Employees' and Highway Patrol Retirement Plan reimburses the Missouri Highways and Transportation Commission for accounting, management, legal, and data processing services. The total reimbursement for fiscal year 2003 was \$262,723.

Note 21 – Commitments

Contracts

The Department of Conservation had contracts outstanding of \$553,100 for land acquisition and \$2,588,533 for construction contracts at June 30, 2003. These contracts are funded through the Special Revenue Funds from specific sales tax, fees and permits.

The Department of Transportation had long-term contracts of \$981,414,923 outstanding at June 30, 2003. These contracts are paid from Capital Projects Funds with approximately 77.39% federal reimbursement expected.

The Office of Administration, Division of Design and Construction, had construction contracts outstanding at June 30, 2003, of \$89,840,814. Approximately 17% will be paid from the General Fund, 1% from the Special Revenue Funds, 5% from the Capital Projects Funds, 2% from the Enterprise Funds and 75% from the Internal Service Funds.

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provides a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2003 was \$424,647. Payment of principal and interest must be completed by the end of a 50 year period beginning from the date of the contract (March 1988).

Note 22 – Contingencies

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, contractor liability, injuries to employees and desegregation. The State assumes its own liability for risks except for the purchase of surety bond, aircraft and boiler coverage.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 22 – Contingencies (cont.)

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities are reported as a reconciling item to the Government-Wide Statement of Net Assets. The current portion of the liability (excluding the Second Injury Fund) will be presented in the General Fund. Expenditures are recognized as payments are made.

At June 30, 2003, the amount of these liabilities was \$112 million. Changes in the reported liability since June 30, 2002, resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2002–2003	\$ 226,293,410	\$ (84,500,674)	\$ (30,008,289)	\$ 111,784,447
2001–2002 *	33,197,671	223,770,916	(30,675,177)	226,293,410
2000–2001 *	65,069,624	(14,721,564)	(17,150,389)	33,197,671

*Restated to exclude Second Injury Fund.

RSMo 287.220.6 requires that an actuarial study of the Second Injury Fund be made every three years to determine the solvency of the Fund. Figures presented below for current year claims and changes in estimates are based on the most recent actuarial study; the next actuarial study is due to be completed by July 1, 2004. At June 30, 2003, the amount of liabilities for the Second Injury Fund was \$201 million. Changes in the reported liability since June 30, 2002, resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2002–2003	\$ 242,596,242	\$ 8,740,950	\$ (50,209,437)	\$ 201,127,755
2001–2002	280,087,260	7,265,256	(44,756,274)	242,596,242
2000–2001	310,892,156	1,513,566	(32,318,462)	280,087,260

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial.

Loan Guarantees:

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 25% first-loss guarantee on loans up to \$250,000. The total of loans outstanding at June 30, 2003, for which the Authority has guaranteed payment is \$4,247,821 and \$925,969, respectively. There were no payments by the Authority for loan defaults in fiscal year 2003.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 22 – Contingencies (cont.)

Medicaid Lawsuits:

In October of 2001, the University of Kansas Hospital Authority filed a lawsuit against the Department of Social Services/Division of Medical Services in the Circuit Court of Cole County, Missouri, challenging the reimbursement rate paid by Missouri to out of state hospitals on behalf of Missouri Medicaid beneficiaries. This action is being contested in Court and the fiscal impact is under review. In the event that plaintiff prevails in the action, the Division of Medical Services estimates that the relief KU Hospital seeks amounts to approximately \$3,710,758 for fiscal year 2002 alone. If the plaintiff prevails in their claim to collect damages for each year since 1991 the total liability of the Division of Medical Services may reach \$30,000,000, excluding interest. This is considered unlikely. The risk of loss would be shared with the federal government, approximately 40% state and 60% federal. Previous estimates had placed the risk of loss at an amount between \$11,000,000 and \$18,000,000 if the plaintiff were to prevail on the claim. However, a settlement of \$5,897,265 was reached in the matter. For additional information also see *Note 25 – Subsequent Events*.

Cheri White v. Dana Katherine Martin, et al (Case No. 02-4154-CV-C-NKL) was filed in the United States District Court for the Western District of Missouri, Central Division in July 2002. The plaintiffs requested that the court order that transitional Medicaid assistance be provided to a class of Missourians whose Medicaid benefits were terminated. In October 2002, the district court entered a preliminary injunction directing the State to continue the benefits. The trial court entered a permanent injunction on March 24, 2003. The Department of Social Services' TMA obligations under the injunction expire on June 30, 2004. The decision was not appealed. Plaintiff was awarded \$180,000 in attorney fees. A decision will be made about whether to appeal the attorney fee award. The State cost in fiscal year 2003 of providing these benefits was about \$9 million, and is expected to be less than \$6 million in fiscal year 2004.

Foster Care Claims:

In a letter dated December 4, 2001, the United States Department of Health and Human Services sent a notice disallowing payment of the federal share of certain Title IV-E foster care claims reported since the quarter ending March 31, 2001. This issue is being disputed and is under appeal; however, Health and Human Services continues to make disallowances and withhold monies from the grant. The total cumulative disallowance as of June 30, 2003, is \$13,172,236 with a balance remaining that has not been recovered by Health and Human Services of \$2,401,541.

Sales Tax Lawsuits:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859). The Missouri Supreme Court held that Southwestern Bell Telephone Company was entitled to a refund of sales and use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. The case was remanded to the Administrative Hearing Commission for further determination as to which items are used in manufacturing the digital phone service product. Refunds to Southwestern Bell and other related companies could adversely affect the State's General Revenue Fund by \$58.1 million.

The Missouri Supreme Court has ruled that hotel guests in effect purchase the electricity used in their room during their stay at the hotel and, therefore, applicable charges are exempt from sales tax. This pertains to water, gas, and other items used in hotel rooms as well. Requests by hotels/motels for refunds could adversely affect the State's General Revenue Fund by \$3.1 million.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 22 – Contingencies (cont.)

The State has brought an appeal before the Missouri Supreme Court of a lower court's decision to classify caskets and vaults as fixtures of a funeral home until being sold to a customer. This would make the funeral home's purchase price, but not the sales price, taxable to the funeral home. Requests by funeral homes for refunds could adversely affect the State's General Revenue Fund by \$1.4 million.

The Missouri Supreme Court has ruled that a business that operates a cafeteria solely for the benefit of its employees is not serving food to the general public and is exempt from sales tax on food items sold to the business' employees. Requests by businesses for refunds could adversely affect the State's General Revenue Fund by \$1 million.

Note 23 – Joint Ventures

The Regional Convention and Sports Complex Authority was created by State law for the purpose of financing, constructing, operating and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a Board of Commissioners of whom five are appointed by the Governor of the State, three by the Mayor of the City of St. Louis, and three by the County Executive of St. Louis County. The Authority is granted all rights and powers necessary to plan, finance, construct, equip and maintain the facility.

The Authority is considered a joint venture of the State, City and County because it constitutes a contractual agreement for public benefit in which the State, City and County retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B) and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C Refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds.

Pursuant to a financing agreement entered into in August 1991, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, City and County under the financing agreement are sufficient to pay the principal and interest on the bonds. See Note 13 for more information on the 1991 and 1993 Series A Bonds sponsored by the State.

Summary financial information for the Authority as of, and for the fiscal year ended December 31, 2002, is presented below (in thousands of dollars):

Total Assets	\$ <u>315,513</u>
Total Liabilities	\$ <u>219,123</u>
Total Equity	\$ <u>96,390</u>
Total Liabilities and Equity	\$ <u>315,513</u>
Total Revenues	\$ <u>27,116</u>
Total Expenses	\$ <u>25,644</u>
Net Increase in Retained Earnings	\$ <u>1,472</u>

Copies of the Authority's financial statements can be requested from:

St. Louis Regional Convention
and Sports Complex Authority
901 North Broadway
St. Louis, Missouri 63101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 24 – Related Organizations

The State is responsible for appointing all or part of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making the appointments.

The following organizations are considered to be related organizations of the State of Missouri:

Health and Educational Facilities Authority – The Authority was created by State law and is authorized to issue revenue bonds to finance health and educational facilities for institutions within the State. The Authority also assists institutions in borrowing funds at the lowest possible cost in order to provide quality medical and educational services to State residents. These bonds do not constitute a debt or liability of the Authority or the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. The Authority's fiscal year ends December 31. Copies of the Authority's financial statements can be requested from:

Missouri Health and Educational
Facilities Authority
15450 South Outer Forty Road, Suite 230
Chesterfield, Missouri 63017

Missouri Higher Education Loan Authority – The Authority was created by State law and is authorized to issue debt to provide a secondary market for loans made under the Federal Family Education Loan Program provided for by the Higher Education Act. Its governing body consists of seven members, five of whom shall be appointed by the Governor with the advice and consent of the Senate, each of whom shall be a resident of the State; and a member of the Coordinating Board of Higher Education; and the Commissioner of Higher Education. Copies of the Authority's financial statements can be requested from:

Missouri Higher Education Loan Authority
633 Spirit Drive
Chesterfield, Missouri 63005

Housing Development Commission – The Commission was created by State law and is authorized to make or purchase mortgage loans and to insure mortgage loans, the funds of which are used to develop new or rehabilitate low and moderate income housing. The Commission is also authorized to issue bonds and notes for making or purchasing such loans. Bonds and notes issued by the Commission are not a debt of the State. The Commission has entered into a contract with the Department of Economic Development whereby the Department pays the Commission's staff salaries and related benefits from cash advanced monthly by the Commission. Its governing body is made up of the Governor, the Lieutenant Governor, the State Treasurer, the Attorney General and six members appointed by the Governor with the advice and consent of the Senate. If for any reason the Commission ceases to exist, its rights and properties shall pass to and be vested in the State, subject to the rights of lienholders and other creditors. Copies of the Commission's financial statements can be requested from:

Missouri Housing Development Commission
3435 Broadway
Kansas City, Missouri 64111

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 24 – Related Organizations (cont.)

Missouri Technology Corporation – The Corporation was created by State law and contributes to the strengthening of the State's economy through the development of science and technology, promotes the modernization of Missouri businesses by supporting the transfer of science, technology and quality improvement methods to the workplace and enhances the productivity and modernization of Missouri businesses by providing leadership in the establishment of methods of technology application, technology commercialization and technology development. Its governing body consists of eleven members appointed by the Governor, the director of the Department of Economic Development, the president of the University of Missouri, a member of the Senate and a member of the House of Representatives. Copies of the Corporation's financial statements can be requested from:

Department of Economic Development
Division of Administration
P.O. Box 1157
Jefferson City, Missouri 65102

Missouri Public Entity Risk Management Fund – The Fund was created by State law and is authorized to provide liability protection to participating public entities, their officials and employees. The Fund reimburses the State of Missouri for all administrative costs. Its governing body consists of six members; the Attorney General, the Commissioner of Administration and four members appointed by the Governor with the advice and consent of the Senate. Copies of the Fund's financial statements can be requested from:

Missouri Public Entity Risk
Management Fund
P.O. Box 105080
2010 Williams Street
Jefferson City, Missouri 65110-5080

Public School Retirement System – The System was created by State law and provides retirement benefits to employees of public school districts in the State, with the exception of the St. Louis and Kansas City districts. The State participates in the System as an employer of certified teachers who are members. However, the major financial support is from the public school districts. Its governing body consists of seven members; four elected by the System's members, and three members appointed by the Governor with the advice and consent of the Senate. Copies of the System's financial statements can be requested from:

Public School Retirement System
of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 24 – Related Organizations (cont.)

State Environmental Improvement and Energy Resources Authority – The Authority, created by State law, is an independent, self-supporting, quasi-governmental agency, governed by a five member Board appointed by the Governor with the advice and consent of the Senate. The Authority is administratively placed in the Department of Natural Resources. The Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State. The usual method of financing is through the issuance of tax-exempt revenue bonds and notes. In March 1992, pursuant to Senate Bill #530, Section 260.335, RSMo, the Authority entered into an interagency agreement with the Department of Natural Resources (DNR) and the Department of Economic Development (DED) to promote markets for recycled materials. As required in that legislation, the program has been provided annual funding of \$1,000,000 upon appropriation by the Missouri Legislature, from the Solid Waste Management Fund, through fiscal year 1997. In fiscal year 1998, the funding changed to 10% of the Fund, not to exceed \$1,000,000. The Authority, in cooperation with the Missouri Clean Water Commission and other agencies, established and operates the State Revolving Fund (SRF), which provides financing to communities and districts for construction of clean water and drinking water projects. The Authority is a provider of technical research for the State. Partnerships have been created with entities, both public and private, to promote and educate Missouri's citizens on a variety of environmental and energy related topics. The Authority's employees are covered under the State retirement system with all contributions being made by the Authority. Upon termination or dissolution of the Authority, all rights and properties shall pass to and be vested in the State, subject to the rights of noteholders, bondholders and other creditors. Copies of the Authority's financial statements can be requested from:

State Environmental Improvement and
Energy Resources Authority
325 Jefferson Street, Suite 200
Jefferson City, Missouri 65101

Jackson County Sports Complex Authority – The Authority was created by State law and is responsible for the construction, operation and financing of the Jackson County Sports Complex. The funds and related accounts are maintained by fiscal agents who administer all investment transactions and act as paying agents for bond transactions. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

Jackson County Sports Complex Authority
8501 Stadium Drive
Kansas City, Missouri 64129-1698

Kansas City Regional Sports Complex Authority – The Authority was created by State law and is responsible for the study and review of all current major sports leagues, clubs, or franchises operating in Kansas City and analyzing the possibilities of future growth. Its governing body consists of the director of the Department of Economic Development, as well as seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

City of Kansas
Finance Department
1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106-2793

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 24 – Related Organizations (cont.)

St. Charles County Convention and Sports Facility Authority – The Authority was created by State law and is responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

St. Charles County Convention and
Sports Facility Authority
P.O. Box 858
St. Charles, Missouri 63302

Springfield Convention Center Authority – The Authority was created by State law and is responsible for the construction, operation and financing of the Ozark Empire Fairgrounds Project. The funds and related accounts are maintained by fiscal agents who administer all investment transactions and act as paying agents for land transactions. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

City of Springfield
Finance Department
P.O. Box 8368
840 Boonville Avenue
Springfield, Missouri 65801-8368

Cotton Growers Organization, Inc. – The organization was created by State law and is designated as the official organization for boll weevil eradication in Missouri. The organization operates under the guidance of a ten member Board of Directors with oversight from the U.S. Department of Agriculture and Missouri Department of Agriculture. Copies of the Organization's financial statements can be requested from:

Certified Cotton Growers Association
P.O. Box 160
Portageville, Missouri 63873

KCT Intermodal Transportation Corporation (KCT-ITC) – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. KCT-ITC is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of constructing a railroad bridge to effectuate a grade separation of two at-grade rail crossings in the Blue Valley Industrial District in Kansas City, Missouri. The KCT-ITC's obligations are financed by a cost-sharing agreement of the member railroads of Kansas City Terminal. The Missouri Highways and Transportation Commission has no control over toll rates or corporation management and does not approve any debt of the KCT-ITC. Therefore, the Missouri Highways and Transportation Commission is not considered financially accountable and information for the KCT-ITC is not included within the accompanying combined financial statements. The governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Controller's Office
1445 Christy Drive
Jefferson City, Missouri 65109

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 24 – Related Organizations (cont.)

Lake of the Ozarks Community Bridge Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost for acquisition and construction of a toll bridge over the Lake of the Ozarks in Camden County. Its governing body consists of a seven member board of directors each of whom is appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. The Corporation's fiscal year ends April 30. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Controller's Office
1445 Christy Drive
Jefferson City, Missouri 65109

Highway 19 Missouri River Bridge Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to establish, promote, acquire, develop, construct, own, operate, maintain rights-of-way, and highway projects and facilities which the Commission either owns or in which the Commission has a beneficial interest, desirable to the provision of public highways, which are approved by the Commission, the County Commissions of the counties of Gasconade and Montgomery, Missouri, and the Board of Alderman of the City of Hermann, Missouri. Its governing body consists of any number of persons, not less than six. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Highway 19 Missouri River Bridge
Transportation Corporation
c/o Jon Held
1110 Stone Hill Highway
Hermann, Missouri 65041

Westside Intermodal Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of constructing an elevated rail structure to allow for the connecting of the Kansas City Terminal Railway (KTCR) Company's main line to the Union Pacific Railroad Company's yards and main lines and to effectuate a grade separation of certain main line rail tracks near Burlington Northern Santa Fe Argentine Yard and KTCR's main lines. Its governing body consists of any number of persons, not less than six. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Westside Intermodal Transportation Corporation
c/o Kansas City Terminal Railway Company
4501 Kansas Avenue
Kansas City, Kansas 66106

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

Note 25 – Subsequent Events

General Obligation Bonds – New Issue:

On October 7, 2003, the State of Missouri, Board of Fund Commissioners issued \$74,655,000 of State Water Pollution Control General Obligation Refunding Bonds, Series A 2003; and \$75,650,000 of Third State Building General Obligation Refunding Bonds, Series A 2003. The bond proceeds will be used to refund \$155,920,000 aggregate principal amount of outstanding bonds. The interest rates range from 3.25% to 6% and have a final maturity date of August 1, 2016.

Other Bonds – New Issue:

On August 1, 2003, the St. Louis Regional Convention and Sports Complex Authority issued \$110,235,000 of Convention and Sports Facility Project and Refunding Bonds, Series A-1 2003; and \$5,795,000 of Convention and Sports Facility Project and Refunding Bonds, Series A-2 2003. The bond proceeds will be used to refund \$116,015,000 aggregate principal amount of outstanding bonds. The interest rates for the Series A-1 2003 Bonds range from 2.5% to 5.38% and have a final maturity date of August 15, 2021. The interest rates for the Series A-2 2003 Bonds range from 1.42% to 2.13% and have a maturity date of August 15, 2005.

On November 12, 2003, the Missouri Department of Transportation issued \$254,000,000 of State Road Bonds, Series A 2003. The bonds have interest rates ranging from 2% to 5% and have a final maturity of February 1, 2023. The bond proceeds will be used for highway and transportation projects as stated in House Bill 1742.

Agricultural and Small Business Development Authority:

Between July 1 and September 5, 2003, the Authority issued Certificates of Guarantee in the amount of \$135,023 guaranteeing 25% of the \$540,092 loans issued.

Petroleum Storage Tank Insurance Fund (PSTIF):

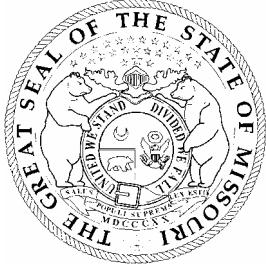
On July 23, 2003, the Petroleum Storage Tank Insurance Board released seven remedial claims, which increased the claims payable by approximately \$430,000. These remedial claims had been filed since May 1, 2003. Remedial claims are those claims filed by tank owners and operators who do not have a contract for insurance with the PSTIF, but for which the PSTIF may extend coverage.

Southeast Missouri State University:

On October 1, 2003, the Missouri Development Finance Board issued \$9,975,000 Educational Facilities Revenue Bonds (Southeast Missouri State University River Campus Project) Series 2003A and \$26,360,000 Variable Rate Demand Educational Facilities Revenue Bonds (Southeast Missouri State University River Campus Project) Series 2003B. The bond proceeds will be used for the planning, design, and construction of a School of Visual and Performing Arts at the River Campus.

Medicaid Lawsuits:

On October 28, 2003, the Department of Social Services, Division of Medical Services, agreed to settle the lawsuit filed against it by the University of Kansas Hospital Authority. The amount of the settlement was \$5,897,265.



Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Fund Categories, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.

STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	General				Public Education				Conservation and Environmental Protection				Transportation and Law Enforcement			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,028,997	\$ 1,028,997	\$ 1,028,997	\$ ---	\$ 296,128	\$ 296,128	\$ 296,128	\$ ---	\$ 370,485	\$ 370,485	\$ 370,485	\$ ---	\$ 64,267	\$ 64,267	\$ 64,267	\$ ---
Resources (Inflows):																
Taxes:																
Sales and Use	1,878,122	1,747,664	1,799,486	51,822	660,481	660,481	676,665	16,184	156,668	156,668	161,743	5,075	45,302	45,302	45,672	370
Individual Income	4,559,003	4,242,326	4,369,513	127,187	22,715	22,715	23,237	522	---	---	---	---	---	---	---	---
Corporate Income	349,473	325,198	335,188	9,990	30,901	30,901	31,662	761	---	---	---	---	---	---	---	---
County Foreign Insurance	164,039	152,644	157,210	4,566	---	---	---	---	---	---	---	---	---	---	---	---
Beer	8,717	8,112	8,214	102	---	---	---	---	---	---	---	---	---	---	---	---
Liquor	18,227	16,960	17,632	672	---	---	---	---	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	73,057	73,057	74,900	1,843	---	---	---	---	---	---	---	---
Fuel	---	---	---	---	---	---	---	---	---	---	---	---	709,279	709,279	714,574	5,295
Corporation Franchise	71,321	66,367	68,363	1,996	1,842	1,842	1,902	60	---	---	---	---	---	---	---	---
Inheritance	82,415	76,691	79,071	2,380	2,353	2,353	2,426	73	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	793,249	738,149	760,229	22,080	231,859	231,859	237,505	5,646	157	157	161	4	453	453	457	4
Total Taxes	7,924,566	7,374,111	7,594,906	220,795	1,023,208	1,023,208	1,048,297	25,089	156,825	156,825	161,904	5,079	755,034	755,034	760,703	5,669
Licenses, Fees and Permits	71,048	66,146	68,320	2,174	992	992	1,037	45	69,748	69,748	72,007	2,259	171,846	171,846	173,118	1,272
Sales	954	887	995	108	---	---	---	---	6,447	6,447	6,669	222	4,966	4,966	5,002	36
Leases and Rentals	---	---	314	314	---	---	---	---	110	110	108	(2)	94	94	60	(34)
Services	195,360	185,424	190,165	4,741	---	---	1	1	---	---	---	---	---	---	---	---
Contributions and																
Intergovernmental	5,593,086	5,512,340	5,651,535	139,195	33,629	33,629	34,384	755	87,259	87,259	90,115	2,856	1,031	1,031	1,095	64
Interest	31,949	29,764	31,022	1,258	5,513	5,513	5,666	153	8,243	8,243	8,501	258	2,155	2,155	2,168	13
Penalties and Unclaimed Property	953	887	544	(343)	1,985	1,985	2,073	88	293	293	297	4	375	375	407	32
Cost Reimbursement/																
Miscellaneous	517,989	503,946	517,263	13,317	37,268	37,268	38,163	895	37,402	37,402	38,610	1,208	1,499	1,499	1,491	(8)
Bond Sales Proceeds	---	---	4	4	---	---	---	---	---	---	---	---	---	---	---	---
Transfers In	177,864	448,960	413,534	(35,426)	2,629,736	2,382,971	2,382,891	(80)	68,400	12,041	12,043	2	5,220	4,261	3,730	(531)
Total Resources (Inflows)	14,513,769	14,122,465	14,468,602	346,137	3,732,331	3,485,566	3,512,512	26,946	434,727	378,368	390,254	11,886	942,220	941,261	947,774	6,513
Amount Available for Appropriation	15,542,766	15,151,462	15,497,599	346,137	4,028,459	3,781,694	3,808,640	26,946	805,212	748,853	760,739	11,886	1,006,487	1,005,528	1,012,041	6,513
Charges to Appropriations (Outflows):																
Current:																
General Government	1,555,252	1,529,004	1,495,946	33,058	163	217	84	133	1,692	2,019	1,861	158	88,793	88,585	82,598	5,987
Education	2,137,347	1,963,206	1,777,901	185,305	3,774,119	3,647,544	3,554,592	92,952	---	---	---	---	---	---	---	---
Natural and Economic Resources	273,857	268,731	197,409	71,322	35,982	33,509	15,382	18,127	424,386	200,976	182,201	18,775	7,842	7,758	3,371	4,387
Transportation and Law Enforcement	181,686	216,347	161,370	54,977	5	5	---	5	388	388	202	186	465,643	468,892	445,202	23,690
Human Services	7,576,155	8,016,897	7,637,392	379,505	38,842	38,842	37,895	947	483	483	179	304	---	---	---	---
Capital Outlay	157,522	170,768	145,338	25,430	6,445	6,242	6,162	80	69,083	32,758	29,686	3,072	10,720	10,784	10,026	758
Debt Service	96,300	94,738	93,587	1,151	---	---	---	---	---	---	---	---	5	5	4	1
Article X Distribution	5,950	5,950	5,950	---	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental Transfers Out	223,144	236,000	190,762	45,238	27	37	14	23	237,694	112,975	102,121	10,854	206,467	206,090	192,320	13,770
Total Charges to Appropriations	15,282,668	15,256,606	14,435,744	820,862	3,863,332	3,767,522	3,652,085	115,437	789,505	407,458	350,272	57,186	1,019,712	1,025,184	958,741	66,443
Ending Budgetary Fund Balance	\$ 260,098	\$ (105,144)	\$ 1,061,855	\$ 1,166,999	\$ 165,127	\$ 14,172	\$ 156,555	\$ 142,383	\$ 15,707	\$ 341,395	\$ 410,467	\$ 69,072	\$ (13,225)	\$ (19,656)	\$ 53,300	\$ 72,956
Reconciling Items:																
Investments		13,210					2,096				480					855
Receivables		1,313,146					59,693				457,844					103,846
Due from Other Funds		42					18,615				46					86
Due from Component Units							---				602					---
Inventory		23,584					58				916					4,622
Advance to Component Units		---					---				4,193					
Accounts Payable		(698,475)					(39,730)				(2,805)					(24,281)
Accrued Payroll		(54,950)					(504)				(4,499)					(18,805)
Due to Other Funds		(22,708)					(228)				(1,487)					(1,868)
Advance from Other Funds		(49,552)					---				---					---
Arbitrage Liability		(495)					---				---					---
Deferred Revenue		(551,615)					(20,175)				(9,774)					(1,247)
Fund Balance - GAAP Basis		\$ 1,034,042					\$ 176,380				\$ 855,983					\$ 116,508

STATE OF MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2003

The Budgetary Comparison Schedule in Required Supplementary Information (RSI) presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for the General Fund, and the major Special Revenue Funds. The major Special Revenue Fund categories presented for the State of Missouri are: Public Education, Conservation and Environmental Protection, and Transportation and Law Enforcement. The General Fund is composed of two fund categories, General and Federal funds. The State Road Fund is a major Capital Projects Fund, but must be presented on a separate schedule in Supplementary Information.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis. Under this basis, "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2003, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous pages of RSI. The Budgetary Comparison Schedule includes data presented on this basis for the fiscal year, and for adjustments made in the two-month lapse period, July 1 through August 31.

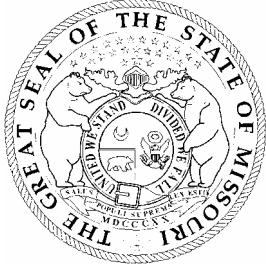
The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://www.oa.mo.gov/acct/AAR>. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less what was re-appropriated to the next fiscal year less the Governor's amounts reverted (withheld) for each fund.

On the budgetary schedule, "original budget" revenues are equal to "revised budget" revenues for all funds except for the State's General Revenue Fund. State agencies budget revenues for each of their funds once during the year and send the revenue estimates to the Office of Administration-Division of Budget & Planning for their use in budgetary reporting, and for the CAFR budgetary schedule presentation. The State's General Revenue Fund has a revised revenue estimate amount available each spring from the Office of Administration-Division of Budget and Planning for use in the "Final Budget" revenue column on the Budgetary Schedules.

In accordance with State statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund. Therefore, the variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive. The variance amounts in RSI this year are rather large. This is due to agency-imposed withholding amounts not being taken into account on this schedule. This schedule does include any "reverted" amounts or Governor withholdings of funds to agencies. If an amount is reverted, an agency does not have authority to spend that money.

Budgetary comparisons are also required for any other individual governmental funds for which annual appropriated budgets have been adopted. Therefore, budget to actual statements have been provided in the Supplementary Information section of CAFR for the following non-major governmental fund categories: Special Revenue, Debt Service, and Permanent funds. These schedules provide similar information to the schedule in RSI with the exception of the original budget data, which is not required for non-major governmental funds under GASB Statement 34.

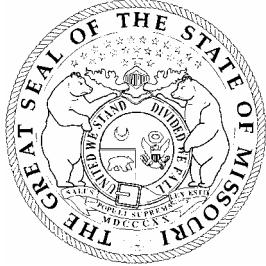
We have not included a budgetary comparison for non-major capital projects funds. These funds are funded by bond proceeds or grants for various projects that require several years to complete. Generally, the bond authorization or grant is appropriated in total the first year even though the bond sales or grant receipts are received over a period of years as required by the projects. Therefore, these funds do not have annual budgets and their budget data is not comparative to the actual data for the fiscal year.



Supplementary Information includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (State Road), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.

STATE OF MISSOURI
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECT FUND
STATE ROAD FUND
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	State Road			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Beginning Budgetary Fund Balance	\$ 535,913	\$ 535,913	\$ 535,913	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	136,777	136,777	131,219	(5,558)
Fuel	<u>87</u>	<u>87</u>	<u>84</u>	<u>(3)</u>
Total Taxes	<u>136,864</u>	<u>136,864</u>	<u>131,303</u>	<u>(5,561)</u>
Licenses, Fees and Permits	87,296	87,296	93,092	5,796
Contributions and				
Intergovernmental	693,057	698,548	739,347	40,799
Interest	12,064	12,064	10,079	(1,985)
Cost Reimbursement/Miscellaneous	77,749	77,749	100,667	22,918
Bond Sales Proceeds	250,000	---	22	22
Transfers In from Highway Fund	<u>153,221</u>	<u>153,221</u>	<u>187,893</u>	<u>34,672</u>
Total Resources (Inflows)	<u>1,410,251</u>	<u>1,165,742</u>	<u>1,262,403</u>	<u>96,661</u>
Amount Available for Appropriation	<u>1,946,164</u>	<u>1,701,655</u>	<u>1,798,316</u>	<u>96,661</u>
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law				
Enforcement	271,288	278,063	262,271	15,792
Capital Outlay	<u>1,084,047</u>	<u>1,111,121</u>	<u>1,048,019</u>	<u>63,102</u>
Debt Service	54,880	43,977	43,977	---
Intergovernmental	84,216	86,319	81,417	4,902
Transfers Out	<u>28</u>	<u>28</u>	<u>28</u>	<u>---</u>
Total Charges to Appropriations	<u>1,494,459</u>	<u>1,519,508</u>	<u>1,435,712</u>	<u>83,796</u>
Ending Budgetary Fund Balance	<u>\$ 451,705</u>	<u>\$ 182,147</u>	<u>\$ 362,604</u>	<u>\$ 180,457</u>
Reconciling Items:				
Receivables			98,500	
Due from Other Funds			1,782	
Due from Component Units			1,146	
Inventories			25,750	
Advance to Component Units			3,333	
Accounts Payable			(110,479)	
Due to Other Funds			(114)	
Due to Component Units			(12,422)	
Deferred Revenues			(32,316)	
Advance from Component Units			(53,187)	
Investment Market Value Adjustment			<u>24,389</u>	
Fund Balance – GAAP Basis			<u>\$ 308,986</u>	



The Combining and Individual Fund Statements and Schedules

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Non-Major Funds

This includes all non-major governmental, proprietary, and fiduciary funds, as well as non-major component units.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital project funds.

General Fund:

General:

General Revenue – All moneys received by the State unless required by statute or constitutional provision to be deposited elsewhere in a specifically named fund.

Budget Reserve – Moneys used when there are revenue shortfalls that require the Governor to reduce expenditures of agencies below the level of their appropriations or when there is a financial need due to a disaster.

Uncompensated Care – Accounts for moneys used for the non-federal share of uncompensated care and other services under Title XIX Medicaid Program.

Department of Health Interagency Payments – Accounts for reimbursed moneys to be used for program disbursements.

Facilities Maintenance Reserve – General Revenue moneys to be used for maintaining, repairing and renovating State facilities.

Intergovernmental Transfers – Moneys from publicly owned nursing facilities to be used for Medicaid and other related charges.

Federal Reimbursement Allowance – Moneys received for payment of Title XIX services.

Pharmacy Reimbursement Allowance – Tax moneys received from retail pharmacies to be used for funding payments under the Medicaid fee-for-service and managed care programs.

Title XIX–Patient Placement – General Revenue – Moneys received from the federal government to be used for medical assistance to eligible recipients pursuant to Title XIX.

Child Support Enforcement Collections – Moneys received from individuals to be used for the expenditures of the Division of Child Support Enforcement.

Missouri Technology Investment – Moneys received from various sources to be used for technology development programs.

Microenterprise Loan – Moneys received from various sources to be used in assisting new or expanding microenterprise.

Missouri Water Development – General Revenue moneys to be used to purchase water supply storage.

General Revenue Reimbursements – Federal moneys received by the Department of Mental Health and the Department of Social Services to be used by the Department of Mental Health as appropriated.

Missouri Humanities Council Trust – Moneys from various sources to be used for promotion of the humanities.

General Revenue – Cultural Sub-Account – General Revenue moneys to be used by the Missouri Art Council Trust Fund.

Nursing Facility Federal Reimbursement Allowance – Tax moneys used for expenditures of nursing facilities.

Post Closure – Moneys from forfeited collateral to be used for costs related to closure and post closure activities of landfills.

Attorney General's Court Cost – General Revenue moneys to be used for payment of court costs.

Disproportionate Share – Moneys received from hospitals to be used for Title XIX hospital care.

Attorney General's Anti-Trust – General Revenue moneys to be used for expenses related to anti-trust activities.

State Elections Subsidy – Appropriated moneys to be used for payment of advance election costs.

State Legal Expense – General Revenue, Transportation and Conservation moneys to be used for claims against State departments or employees.

General Fund – Federal: Accounts for moneys received or reimbursed by the federal government to cover costs of federally funded grants and programs. Each program or grant has its own fund to account for its operations as follows:

*Vocational Rehabilitation – Federal
Elementary and Secondary Education –
Federal and Other
General Assembly – Federal
Division of Youth Services –
Federal and Other
Office of the State Public Defender –
Federal and Other
Pharmacy Rebates
State Auditor – Federal
Department of Higher Education – Federal
Department of Labor and Industrial
Relations – Commission on Human
Rights – Federal
Department of Economic Development –
Community Development Block Grant
(Passthrough)
Department of Economic Development –
Women's Council – Federal
Third Party Liability Collections
Department of Public Safety – Juvenile
Accountability Incentive Block Grant
Department of Labor and Industrial
Relations Administrative
Department of Economic Development –
Community Development Block Grant
(Administration)
Food Stamp EBT Settlement
Multimodal Operations – Federal
Department of Economic Development –
Federal and Other
Department of Corrections – Federal
Department of Revenue – Federal
Department of Agriculture –
Federal and Other
Office of Administration – Federal and Other
Attorney General – Federal and Other
Supreme Court – Federal and Other
Department of Economic Development –
Missouri Council of the Arts –
Federal and Other
Department of Natural Resources –
Federal and Other*

*Department of Economic Development –
Management Information Systems –
Federal and Other
Department of Health – Federal
State Emergency Management –
Federal and Other
Mental Health Intergovernmental Transfer
Department of Mental Health – Federal
Department of Public Safety –
Highway Safety
Secretary of State Records – Federal
National Endowment for the Humanities –
Save America's Treasures
Department of Public Safety – Federal
Division of Aging – Federal and Other
Homeland Security
Job Development and Training
Department of Social Services – Federal and Other
Election Administration Improvement
ADC – Federal
Title XIX – Federal
Division of Family Services Donations
Division of Aging Donations
Medicaid Fraud Reimbursements
Revenue Sharing Trust
Missouri Veterans Commission – Federal
MCSAP/Division of Transportation – Federal
Division of Labor Standards – Federal
Governor's Committee on Employment of the
Handicapped – Federal
Federal and Other
Adjutant General – Federal
Department of Labor and Industrial Relations –
Crime Victims – Federal
Federal – MDI
Federal Drug Seizure
Secretary of State – Federal
Community Service Commission – Federal and Other
Temporary Assistance for Needy Families – Federal
Division of Family Services – Administrative
Missouri Disaster
Abandoned Mined Reclamation
Unemployment Compensation Administration*

STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2003
(In Thousands of Dollars)

	General Fund		Totals
	General	Federal	June 30,
			2003
ASSETS			
Cash and Cash Equivalents	\$ 889,523	\$ 172,332	\$ 1,061,855
Investments	13,210	---	13,210
Accounts Receivable, Net	859,249	449,671	1,308,920
Interest Receivable	4,173	53	4,226
Due from other funds	5	37	42
Inventory	<u>22,779</u>	<u>805</u>	<u>23,584</u>
Total Assets	<u><u>\$ 1,788,939</u></u>	<u><u>\$ 622,898</u></u>	<u><u>\$ 2,411,837</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 298,453	\$ 400,022	\$ 698,475
Accrued Payroll	41,830	13,120	54,950
Due to Other Funds	17,238	5,470	22,708
Deferred Revenue	477,685	73,930	551,615
Advance from Other Funds	49,552	---	49,552
Arbitrage Liability	<u>495</u>	<u>---</u>	<u>495</u>
Total Liabilities	<u><u>885,253</u></u>	<u><u>492,542</u></u>	<u><u>1,377,795</u></u>
Fund Balances:			
Reserved for:			
Budget Reserve	463,003	---	463,003
Inventory	22,779	805	23,584
Future Distribution	66,388	---	66,388
Taxes	4,242	---	4,242
Unreserved	<u>347,274</u>	<u>129,551</u>	<u>476,825</u>
Total Fund Balances	<u><u>903,686</u></u>	<u><u>130,356</u></u>	<u><u>1,034,042</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 1,788,939</u></u>	<u><u>\$ 622,898</u></u>	<u><u>\$ 2,411,837</u></u>

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

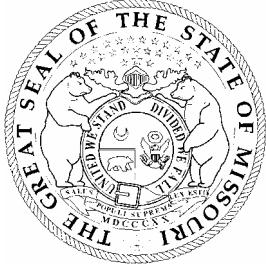
	General Fund			Totals	
	General	Federal	Eliminations	June 30, 2003	
Revenues:					
Taxes	\$ 6,506,760	\$ ---	\$ ---	\$ 6,506,760	
Licenses, Fees and Permits	64,945	156	---	65,101	
Sales	984	11	---	995	
Leases and Rentals	314	---	---	314	
Services	138,916	51,499	---	190,415	
Contributions and Intergovernmental	1,113,028	5,127,763	---	6,240,791	
Investment Earnings	28,399	506	---	28,905	
Penalties and Unclaimed Properties	412	6	---	418	
Cost Reimbursement/Miscellaneous	187,395	104,546	---	291,941	
Total Revenues	8,041,153	5,284,487	---	13,325,640	
Expenditures:					
Current:					
General Government	423,456	7,522	---	430,978	
Education	1,062,014	728,630	---	1,790,644	
Natural and Economic Resources	54,014	164,800	---	218,814	
Transportation and Law Enforcement	53,740	118,224	---	171,964	
Human Services	4,276,203	4,027,642	---	8,303,845	
Capital Outlay:					
Current Expenditures	84,791	60,751	---	145,542	
Capital Lease Purchases	12,998	7,800	---	20,798	
Debt Service:					
Principal	74,722	3,915	---	78,637	
Interest	30,124	2,334	---	32,458	
Article X Distributions	5,950	---	---	5,950	
Intergovernmental	89,621	104,909	---	194,530	
Total Expenditures	6,167,633	5,226,527	---	11,394,160	
Excess Revenues	1,873,520	57,960	---	1,931,480	
Other Financing Sources (Uses):					
Proceeds from Capital Leases	12,998	7,800	---	20,798	
Note Proceeds	3,685	---	---	3,685	
Transfers In	420,896	29,021	(42,309)	407,608	
Transfers Out	(2,250,031)	(34,046)	42,309	(2,241,768)	
Total Other Financing Sources (Uses)	(1,812,452)	2,775	---	(1,809,677)	
Excess Revenues and Other Sources	61,068	60,735	---	121,803	
Fund Balances – Beginning	837,061	69,893	---	906,954	
Increase (Decrease) in Reserve for Inventory	5,557	(272)	---	5,285	
Fund Balances – Ending	\$ 903,686	\$ 130,356	\$ ---	\$ 1,034,042	

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE
June 30, 2003
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
					June 30, 2003
ASSETS					
Cash and Cash Equivalents	\$ 185,373	\$ 107,551	\$ 332,442	\$ 553	\$ 625,919
Investments	9,351	---	---	37,424	46,775
Accounts Receivable, Net	10,502	---	---	---	10,502
Interest Receivable	368	349	738	1	1,456
Due from Other Funds	70	---	---	---	70
Inventory	124	---	---	---	124
Loans Receivable	890	---	---	---	890
Total Assets	\$ 206,678	\$ 107,900	\$ 333,180	\$ 37,978	\$ 685,736
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 4,258	\$ ---	\$ 18	\$ ---	\$ 4,276
Accrued Payroll	2,776	---	32	---	2,808
Due to Other Funds	1,270	---	124	---	1,394
Deferred Revenue	4,334	154	327	---	4,815
Total Liabilities	12,638	154	501	---	13,293
Fund Balances:					
Reserved for Inventory	124	---	---	---	124
Reserved for Debt Service	---	107,746	---	---	107,746
Reserved for Loans Receivable	890	---	---	---	890
Reserved for Trust Principal	---	---	---	37,890	37,890
Unreserved	193,026	---	332,679	88	525,793
Total Fund Balances	194,040	107,746	332,679	37,978	672,443
Total Liabilities and Fund Balances	\$ 206,678	\$ 107,900	\$ 333,180	\$ 37,978	\$ 685,736

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
					June 30, 2003
Revenues:					
Taxes	\$ 110,008	\$ ---	\$ ---	\$ ---	\$ 110,008
Licenses, Fees and Permits	144,148	---	---	---	144,148
Sales	1,227	---	---	---	1,227
Services	246	---	---	---	246
Contributions and Intergovernmental	12,997	---	115	---	13,112
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(145)	(145)
Interest	3,969	2,156	3,507	13	9,645
Penalties and Unclaimed Properties	14,974	---	---	179	15,153
Cost Reimbursement/Miscellaneous	191,030	183	---	---	191,213
Total Revenues	<u>478,599</u>	<u>2,339</u>	<u>3,622</u>	<u>47</u>	<u>484,607</u>
Expenditures:					
Current:					
General Government	19,227	---	50	---	19,277
Education	3,331	---	4	---	3,335
Natural and Economic Resources	162,199	---	---	---	162,199
Transportation and Law Enforcement	24,754	---	3,502	---	28,256
Human Services	148,056	---	179	35	148,270
Capital Outlay:					
Current Expenditures	6,566	---	10,562	---	17,128
Capital Lease Purchases	235	---	---	---	235
Debt Service:					
Principal	351	52,155	---	---	52,506
Interest	431	43,333	---	---	43,764
Bond Issuance Costs	---	---	385	---	385
Underwriter's Discount	---	1,323	813	---	2,136
Intergovernmental	4,469	---	16,617	---	21,086
Total Expenditures	<u>369,619</u>	<u>96,811</u>	<u>32,112</u>	<u>35</u>	<u>498,577</u>
Excess Revenues (Expenditures)	<u>108,980</u>	<u>(94,472)</u>	<u>(28,490)</u>	<u>12</u>	<u>(13,970)</u>
Other Financing Sources (Uses):					
Proceeds from General					
Obligation/Other Bonds	---	514,180	432,425	---	946,605
Proceeds from Capital Leases	235	---	---	---	235
Proceeds from Tobacco Note	---	46,150	---	---	46,150
Payments to Escrow Agent	---	(559,839)	(55,599)	---	(615,438)
Bond Premium	---	46,981	22,350	---	69,331
Transfers In	46,410	44,462	3,000	1,736	95,608
Transfers Out	(234,947)	(4)	(168,021)	---	(402,972)
Total Other Financing Sources (Uses)	<u>(188,302)</u>	<u>91,930</u>	<u>234,155</u>	<u>1,736</u>	<u>139,519</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	(79,322)	(2,542)	205,665	1,748	125,549
Fund Balances – Beginning	273,441	110,288	127,014	36,230	546,973
Increase in Reserve for Inventory	(79)	---	---	---	(79)
Fund Balances – Ending	<u>\$ 194,040</u>	<u>\$ 107,746</u>	<u>\$ 332,679</u>	<u>\$ 37,978</u>	<u>\$ 672,443</u>



The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.

Non-Major Special Revenue Funds:

Professional Registration: Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

<i>Hearing Instrument Specialist</i>	<i>Board of Nursing</i>
<i>State Committee of Interpreters</i>	<i>Board of Optometry</i>
<i>Board of Geologist Registration</i>	<i>Board of Pharmacy</i>
<i>Missouri Commission for the Deaf</i>	<i>Missouri Real Estate Commission</i>
<i>Board of Certification of Interpreters</i>	<i>Veterinary Medical Board</i>
<i>Escrow Agent Administration</i>	<i>Committee of Professional Counselors</i>
<i>Real Estate Appraisers</i>	<i>Dental Board</i>
<i>Clinical Social Workers</i>	<i>State Board of Architects, Engineers and Land Surveyors</i>
<i>Landscape Architectural Council</i>	<i>Athletic</i>
<i>State Committee of Psychologists</i>	<i>Marital and Family Therapists'</i>
<i>Missouri Health Care Providers</i>	<i>Respiratory Care Practitioners</i>
<i>Board of Accountancy</i>	<i>Board of Occupational Therapy</i>
<i>Board of Barber Examiners</i>	<i>Licensed Perfusionist</i>
<i>State Board of Podiatric Medicine</i>	<i>Dietitian</i>
<i>Board of Chiropractic Examiners</i>	<i>Interior Designer Council</i>
<i>Board of Cosmetology</i>	<i>Acupuncturist</i>
<i>Board of Embalmers and Funeral Directors</i>	<i>Tattoo</i>
<i>Board of Registration for Healing Arts</i>	<i>Massage Therapy</i>

Judicial Protection and Assistance: Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

Missouri Crime Prevention Information and Programming – Accounts for moneys from various sources to be used by local government/school district partnerships to operate crime prevention programs.

Statewide Court Automation – Accounts for additional court costs assessed in certain cases. Moneys are used for a statewide court automation system.

Missouri CASA – Accounts for money to be used for Court Appointed Special Advocate (CASA) Programs.

State Forensic Laboratory – Accounts for moneys used to defray costs of registered laboratories.

Services to Victims – Accounts for fees assessed as costs in criminal cases. Moneys are used to provide services to victims of crimes.

Tort Victims' Compensation – Accounts for a portion of any final judgment awarding punitive damages after the deduction of attorneys' fees and expenses.

Merchandising Practices Revolving – Accounts for general revenues and moneys required to be deposited in this fund. These moneys are used to pay costs incurred by the Attorney General in cases concerning merchandising practices.

Legal Defense and Defender – Accounts for moneys from services rendered. The moneys are used for training public defenders and for other lawful expenses as authorized by the Public Defender Commission.

Criminal Record System – Accounts for fees collected from federal and non-state agencies for administering criminal history record information and fingerprint searches.

Missouri Office of Prosecution Services – Accounts for fees assessed as costs in most criminal proceedings. These moneys are used to assist the prosecuting attorneys throughout the State in their efforts against criminal activity.

Crime Victims' Compensation – Accounts for fees assessed as costs against a convicted criminal. These moneys are used to compensate victims of crime.

Drug Court Resources – Accounts for moneys available for distribution by the Drug Courts Coordinating Commission to the various drug courts operating within the State.

Legal Services for Low Income People – Accounts for moneys to be used to provide legal services for individuals with low income.

Investors Restitution – Accounts for fines collected relating to securities fraud to be used to reimburse the victims of the fraudulent acts.

Child Labor Enforcement – Accounts for moneys to be used for investigations and enforcement of child labor laws.

Inmate Incarceration Reimbursement Act Revolving – Accounts for moneys collected for reimbursement of the expenses of the State for the cost of care of offenders.

State Courts Administration Revolving – Accounts for moneys received for registration fees, grants, or other sources to be used to provide training and purchase goods and services related to the training and education of court personnel.

Criminal Justice Network and Technology Revolving – Accounts for moneys to be used for the procurement of telecommunications and computer equipment, services, and software associated with connection to the criminal justice network.

Missouri Office of Prosecution Services Revolving – Accounts for moneys received by or on behalf of the Missouri Office of Prosecution Services.

Judiciary Education and Training – Accounts for fees collected to be used for training and education of judicial personnel.

Fine Collections Center Interest Revolving – Accounts for interest moneys to be used for goods and services related to the administration of the judicial system by the judicial branch.

Agriculture and State Fair: Provides for inspections of products, market development and awards for competition at the State fair.

Animal Health Laboratory Fee – Accounts for laboratory fees to be used to defray expenses of diagnosing animal disease.

Animal Care Reserve – Accounts for fees from businesses engaged in breeding, selling and caring for cats and dogs to be used to administer the Animal Care Program.

Livestock Brands – Accounts for fees collected for brand applications, transfer of brand ownership and maintenance of brands and is used by Division of Animal Health for program administration.

Commodity Council Merchandising – Accounts for fees imposed under the Commodity Merchandising Program for the use and benefit of the commodity councils.

Missouri Qualified Fuel Ethanol Producer Incentive – Accounts for moneys used to provide subsidies to Missouri qualified fuel ethanol producers.

Aquaculture Marketing Development – Accounts for fees collected on fish food purchased by commercial producers and used for the marketing of fish and fish products.

Livestock Sales and Markets Fees – Accounts for license fees collected for the licensing of livestock sales and markets used for the benefit of the Division of Animal Health.

Missouri Breeders – Accounts for moneys received for horse racing application and handling fees.

Apple Merchandising – Accounts for fees imposed on apples grown in the State which are sold for consumption. These moneys are used only for the costs of administering and enforcing laws concerning apple merchandising.

Livestock Dealer Law Enforcement and Administration – Accounts for penalties assessed for violations of the "Missouri Livestock Dealer Law" and is used for the benefit of the Division of Animal Health.

Milk Inspection Fees – Accounts for fees received from State milk inspections and is used to pay the costs of performing this inspection.

Grain Inspection Fees – Accounts for fees received for providing grain inspection services and is used to pay the cost of providing this service.

Marketing Development – Accounts for moneys received by the Department of Agriculture from any source to be spent for marketing development only.

Boll Weevil Suppression and Eradication – Accounts for moneys for the sound program of eradication and suppression of boll weevil.

Missouri Wine Marketing and Research Development – Accounts for pro rata charges to commercial grape producers in Missouri to be used for enology research, education, and marketing of wine produced in Missouri.

State Fair Trust – Accounts for moneys received as gifts, grants, legacies or devises and is used as prizes to the winners of five-gaited saddle horse stakes at the State fair.

Agriculture Development – Accounts for assets from the Federal Secretary of Agriculture and earnings from those assets to be used for agricultural development in accordance with a written agreement with the U.S. Department of Agriculture.

Social Assistance: Provides financial, health and other services to qualifying individuals.

Utilicare Stabilization – Moneys from various sources to be used for financial assistance of heating and cooling costs for the needy.

Motorcycle Safety Trust – Accounts for fees collected from persons who violate laws relating to motorcycles or causes accidents involving motorcycles.

Compulsive Gamblers – Accounts for moneys received from cities and counties that have licensed excursion gambling boats. These moneys are used to provide services for compulsive gamblers and their families.

Missouri Housing Trust – Accounts for moneys received from any source to be used for loans or grants for assistance to low-income families.

Health Initiatives – Accounts for additional taxes on cigarettes and other moneys to fund health care incentives and other programs.

Health Access Incentive – Accounts for moneys appropriated and received by law to be used to implement and encourage a program to provide incentives in exchange for location of health providers who agree to serve all persons in need of health services regardless of ability to pay.

Mental Health Housing Trust – Accounts for moneys received from the sale of surplus real property formerly used by the Department of Mental Health. Moneys are used for the construction or renovation of Mental Health Centers, or to finance the rental, purchase, construction or renovation of community based housing for clients.

Family Support Loan Program – Accounts for moneys appropriated to be used for low interest, short-term loans to families with a member with a developmental disability.

Independent Living Center – Accounts for fees received from persons convicted of or pleading guilty to a drug-related or an intoxicated-related traffic offense. Moneys are used to establish and maintain independent living centers for persons with disabilities.

Mental Health Earnings – Accounts for fees assessed on individuals due to alcohol and drug-related traffic offenses. Moneys are used to develop and certify alcohol related traffic offender programs and provide rehabilitation services to persons unable to pay.

Division of Aging Elderly Home Delivered Meals Trust – Accounts for moneys contributed by taxpayers and other designated moneys to be used in preparing and delivering meals to elderly persons.

Missouri Public Health Services – Accounts for fees collected for health purposes.

Deaf Relay Service and Equipment Distribution Program – Accounts for fees collected to fund a program for providing a telecommunications device for the deaf to transmit messages over basic telephone lines.

Veterans' Trust – Accounts for moneys contributed by taxpayers, grants, gifts, bequests, federal sources or other sources to be used for the benefit of the State's veterans.

Economy Rate Telephone Service – Accounts for moneys appropriated by the General Assembly to be used for eligible subscribers to meet their minimum communication requirements.

Medical School Loan and Loan Repayment Program – Accounts for moneys used to pay the principal, interest and related costs of government and commercial loans on behalf of individuals working in a specified area of need.

Children's Service Commission – Accounts for gifts and grants from various sources to be spent for children's services as provided by law.

Handicapped Children's Trust – Accounts for grants, gifts, donations, or bequests to be spent as requested by the donor of the handicapped children.

Blind Pension – Accounts for State property tax moneys used to provide a pension to certain blind people.

Healthy Families Trust Funds – To account for moneys received from the Tobacco Settlement.

Department of Health – Donated – Accounts for moneys received from donations and spent for various health programs.

Children's Trust – Accounts for grants or gifts from any source to pay the administration costs of and for establishing programs to prevent or alleviate child abuse or neglect.

ADA Compliance – Accounts for moneys from various funds to be used for projects to comply with the Americans with Disabilities Act.

Head Injury – Accounts for fees, grants, donations, and other moneys designated for the Head Injury Fund. Moneys are spent by the Head Advisory Council to help support individuals with traumatic head injury and their families by providing a wide range of services.

Organ Donor Program – Accounts for moneys to be used for implementation of organ donor awareness programs.

Property Reuse – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources for direct loans, guarantees and grants to create and preserve jobs, attract and retain businesses, and improve economic welfare.

Domestic Relations Resolution – Accounts for moneys received from surcharges and fines for disputes in marriage dissolutions and custody orders. Moneys are used for creating and approving a handbook dealing with divorce and child custody and to reimburse local judicial circuits for the costs associated with the implementation of this act.

Correctional Substance Abuse Earnings – Accounts for fees charged to persons required by the court to begin an Educational Assessment and Community Treatment Program. Moneys are used solely for assistance in securing alcohol and drug rehabilitation services.

Assistive Technology Loan Revolving – Accounts for appropriated moneys to be used for loans to qualified individuals for the purchase of assistive technology devices and services.

Blindness Education, Screening and Treatment Program – Accounts for donated moneys used to provide blindness prevention education, screenings and treatments for persons not covered under a healthcare benefit plan.

Missouri National Guard Trust – Accounts for moneys received through contributions, gifts, bequests, grants and federal funds to be used for providing military honors at veterans' burials, interments, or memorial services.

School for the Blind – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Blind.

School for the Deaf – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Deaf.

Governor's Council on Physical Fitness – Institution Gift Trust – Accounts for gifts, bequests, or donations to the Governor's Council on Physical Fitness to be spent as requested by the donor.

Institution Gift Trust – Accounts for grants, gifts, donations, devises or bequests to various institutions to be spent as requested by the donor.

Mental Health Trust – Accounts for moneys to be used for the purpose of carrying out the objects for which the grants, gifts, donations or bequests were made, or for the purposes of funding special projects or purchasing special equipment from escheated moneys.

Crippled Children's Services – Accounts for moneys from various sources to be used for costs of crippled children's services.

Unemployment and Workers' Compensation: Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

Workers' Compensation – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries.

Workers' Compensation – Second Injury – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries where permanent disability occurs.

Special Employment Security – Accounts for moneys paid as interest and penalties by the employer for unemployment fees not paid. These moneys are used to pay interest on advances from the federal government and for other costs necessary and proper under the unemployment compensation laws.

Reimbursements and Other: Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

Missouri Capital Access Program – Accounts for interest earned and excess balances transferred from program reserve accounts by financial institutions, and collections made by the State on defaulted loans.

Statutory County Recorder's – Accounts for moneys to be used to subsidize the fees collected by counties that hereafter elect or have heretofore elected to separate the offices of circuit court clerk and recorder.

Treasurer's Information – Accounts for funds received for the preparation, reproduction, or dissemination of information or publications.

Elevator Safety Board – Accounts for moneys collected for inspections, permits, licenses and certificates to be used for the operation and expenses of the board.

Residential Mortgage Licensing – Accounts for fees set and collected for application fees, investigation of license applicant fees, examination fees, contingent fees, and any other miscellaneous fee.

Missouri Arts Council Trust – Accounts for moneys to be used for the administration of the Missouri Arts Council.

Gaming Commission Bingo – Accounts for moneys collected for license fees, penalties and administration fees to be used for the administration cost of the commission.

Secretary of State's Technology Trust – Accounts for fees received from the issuance of notary commissions to be used for establishing and maintaining a data processing system and other administrative costs for services.

Missouri National Guard Training Site – Accounts for fees collected for use of training sites from persons or organizations not connected with the militia. The moneys are used for operating costs of the facilities.

Nursing Facility Quality of Care – Accounts for certification fees collected from nursing home facilities to be used for assistance to the facilities and for conducting surveys and inspections.

Division of Tourism Supplemental Revenue – Accounts for additional sales tax collected from tourism-oriented goods and services to be used for promotional marketing strategies.

Business Extension Service Team – Accounts for moneys used to help Missouri companies in financial difficulty to regain financial stability by a plan developed by a team of knowledgeable and experienced persons.

Gaming Commission – Accounts for moneys received from licenses, fees, and permits to be used to fund the administrative costs of the Gaming Commission.

Mammography – Accounts for fees collected from licensing of specific sources of ionizing radiation and from other nonrefundable fees collected in connection with mammography authorization to be used for program administration.

Statutory Revision – Accounts for money received from the sale of the Revised Statutes of Missouri and supplements and from fees for any services rendered by the Committee on Legislative Research. The moneys are used for enhancing or producing the statutes and supplements.

Division of Credit Unions – Accounts for moneys assessed on credit unions and used for costs related to their regulation.

Division of Savings and Loan Supervision – Accounts for moneys assessed on savings and loan associations and other corporations and used for costs related to their regulation.

Division of Finance – Accounts for moneys assessed on banks, trust companies and other corporations and used for costs related to their regulation.

Insurance Examiners – Accounts for fees assessed against organizations which are engaged in the business of insurance within the State. The moneys are used for costs incurred by insurance examiners.

Design and Construction – Donated – Accounts for donations to be used for the repair, replacement and refurbishing of artwork, statuary work and monuments of historical importance to Missouri.

Endowed Care Cemetery Audit – Accounts for fees from the issuance of birth and death certificates. The moneys are used to administer the auditing of endowed care cemetery funds.

Department of Insurance Dedicated – Accounts for moneys from licensing, renewals and regulatory fees and used for expenditures of the Department of Insurance.

International Promotions Revolving – Accounts for moneys from gifts, contributions, grants and other sources and is used for costs associated with attendance at international trade shows.

Local Records Preservation – Accounts for moneys charged and collected for the recording of various deeds and documents and used by the Secretary of State for additional preservation of local records.

Spinal Cord Injury – Accounts for moneys to be used to fund research projects that promote an advancement of knowledge in the area of spinal cord injury.

Manufactured Housing – Accounts for fees collected for seals or inspection of manufacturing and dealer premises for manufactured homes, recreational vehicles and modular homes.

Motor Vehicle Commission – Accounts for fees established by the Missouri Motor Vehicle Commission to pay its operational costs.

Health Spa Regulatory – Accounts for health spa registration fees. These moneys are used to administer the regulation of health spas.

Missouri Main Street Program – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources to accomplish community and economic revitalization and development of older business districts and neighborhoods.

Public Service Commission – Accounts for moneys assessed on public utilities and used for costs related to their regulation.

Department of Health Document Services – Accounts for fees collected for publications and used to pay the costs of providing this information.

Petition Audit Revolving Trust – Accounts for moneys received and costs incurred as a result of audits petitioned by the requisite percent of the qualified voters of a subdivision.

Tourism Marketing – Accounts for receipts from promotional items and used for the marketing of items which promote and develop tourism in the State.

Petroleum Inspection – Accounts for fees collected for inspections of petroleum products and equipment. The fees are used for costs of administering, regulating, testing and inspecting these products and equipment.

Missouri Horse Racing Commission – Accounts for moneys received from the licensing of race tracks and authorization of races and pari-mutuel wagering pools. These moneys are used for the operation of the Horse Racing Commission.

Missouri Senior Rx – Accounts for moneys collected to be used by the commission for medical assistance to seniors covered under the Missouri Senior Rx program.

Boiler and Pressure Vessels Safety – Accounts for licenses, permits, and fees established by the Boiler and Pressure Vessels Safety Board for the purpose of regulating boiler and pressure vessels.

Secretary of State's Investor Education – Accounts for moneys to be used as a source of funding in support of activities related to the Secretary of State's investor education responsibilities.

State Document Preservation – Accounts for moneys to be used to preserve State documents and making them available to the public.

Missouri Supplemental Tax Increment Financing – Accounts for moneys generated by redevelopment projects and income taxes withheld by jobs created by redevelopment projects to be used to pay loans for the project.

Premium – To account for moneys received from parents or guardians of uninsured children.

Missouri Public Broadcasting Corporation Special – Accounts for moneys generated from the nonresident entertainer and professional athletic team income taxes to be used for basic service and operating grants of public television stations.

World War II Memorial Trust – Accounts for contributions to be used to participate in the funding of the National World War II Memorial.

Workers Memorial – Accounts for contributions to be used for a memorial for workers who have been killed or permanently disabled and reimbursement of expenses to committee members.

Secretary of State Institution Gift Trust – Accounts for moneys derived from gifts, bequests, or donations to the secretary of state to carry out the objectives of the gift, bequest, or donation.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2003
(In Thousands of Dollars)

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2003
ASSETS							
Cash and Cash Equivalents	\$ 30,730	\$ 28,888	\$ 2,361	\$ 55,943	\$ 18,371	\$ 49,080	\$ 185,373
Investments	---	---	3,211	6,120	---	20	9,351
Accounts Receivable, Net	---	1,288	53	3,781	3,739	1,641	10,502
Interest Receivable	---	29	12	131	42	154	368
Due from Other Funds	---	66	---	1	---	3	70
Inventory	27	3	---	8	---	86	124
Loans Receivable	---	---	890	---	---	---	890
Total Assets	\$ 30,757	\$ 30,274	\$ 6,527	\$ 65,984	\$ 22,152	\$ 50,984	\$ 206,678
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 156	\$ 128	\$ 62	\$ 1,658	\$ 473	\$ 1,781	\$ 4,258
Accrued Payroll	178	250	72	192	411	1,673	2,776
Due to Other Funds	102	212	32	64	306	554	1,270
Deferred Revenue	---	13	1	859	3,392	69	4,334
Total Liabilities	436	603	167	2,773	4,582	4,077	12,638
Fund Balances:							
Reserved for:							
Inventory	27	3	---	8	---	86	124
Loans Receivable	---	---	890	---	---	---	890
Unreserved	30,294	29,668	5,470	63,203	17,570	46,821	193,026
Total Fund Balances	30,321	29,671	6,360	63,211	17,570	46,907	194,040
Total Liabilities and Fund Balances	\$ 30,757	\$ 30,274	\$ 6,527	\$ 65,984	\$ 22,152	\$ 50,984	\$ 206,678

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

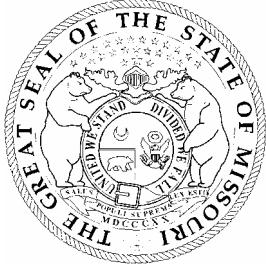
							Totals
	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	June 30, 2003
Revenues:							
Taxes	\$ 58	\$ ---	\$ 962	\$ 54,803	\$ 54,165	\$ 20	\$ 110,008
Licenses, Fees and Permits	17,538	10,307	3,921	14,484	---	97,898	144,148
Sales	---	---	---	633	---	594	1,227
Services	89	87	---	64	---	6	246
Contributions and Intergovernmental	3	1,022	3	11,416	213	340	12,997
Investment Earnings	---	199	380	1,844	334	1,212	3,969
Penalties and Unclaimed Properties	331	9,675	---	1,186	2,581	1,201	14,974
Cost Reimbursement/Miscellaneous	2	1,471	28	168,567	180	20,782	191,030
Total Revenues	<u>18,021</u>	<u>22,761</u>	<u>5,294</u>	<u>252,997</u>	<u>57,473</u>	<u>122,053</u>	<u>478,599</u>
Expenditures:							
Current:							
General Government	---	11,151	---	379	2,978	4,719	19,227
Education	84	---	---	3,246	---	1	3,331
Natural and Economic Resources	14,070	6,811	7,490	10,906	64,841	58,081	162,199
Transportation and Law							
Enforcement	---	6,900	---	3,985	---	13,869	24,754
Human Services	---	1,093	---	127,037	95	19,831	148,056
Capital Outlay:							
Current Expenditures	250	2,586	80	382	623	2,645	6,566
Capital Lease Purchases	---	---	---	---	120	115	235
Debt Service:							
Principal	---	---	---	---	36	315	351
Interest	---	---	---	---	15	416	431
Intergovernmental	---	---	---	246	---	4,223	4,469
Total Expenditures	<u>14,404</u>	<u>28,541</u>	<u>7,570</u>	<u>146,181</u>	<u>68,708</u>	<u>104,215</u>	<u>369,619</u>
Excess Revenues (Expenditures)	<u>3,617</u>	<u>(5,780)</u>	<u>(2,276)</u>	<u>106,816</u>	<u>(11,235)</u>	<u>17,838</u>	<u>108,980</u>
Other Financing Sources (Uses):							
Proceeds from Capital Lease	---	---	---	---	120	115	235
Transfers In	8	7,796	3,116	4,236	3,619	27,635	46,410
Transfers Out	(1,127)	(4,038)	(130)	(174,141)	(6,646)	(48,865)	(234,947)
Total Other Financing Sources (Uses)	<u>(1,119)</u>	<u>3,758</u>	<u>2,986</u>	<u>(169,905)</u>	<u>(2,907)</u>	<u>(21,115)</u>	<u>(188,302)</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	2,498	(2,022)	710	(63,089)	(14,142)	(3,277)	(79,322)
Fund Balances – Beginning	27,823	31,694	5,650	126,306	31,712	50,256	273,441
Decrease in Reserve for Inventory	---	(1)	---	(6)	---	(72)	(79)
Fund Balances – Ending	<u>\$ 30,321</u>	<u>\$ 29,671</u>	<u>\$ 6,360</u>	<u>\$ 63,211</u>	<u>\$ 17,570</u>	<u>\$ 46,907</u>	<u>\$ 194,040</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Taxes:												
Cigarette	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 32,402	\$ 33,250	\$ 848
Liquor	---	---	---	---	---	---	1,321	962	(359)	---	---	---
Reimbursement/Miscellaneous	52	58	6	---	---	---	---	---	---	20,943	21,490	547
Total Taxes	52	58	6	---	---	---	1,321	962	(359)	53,345	54,740	1,395
Licenses, Fees and Permits	15,897	17,573	1,676	10,837	10,266	(571)	5,748	4,187	(1,561)	13,903	14,280	377
Sales	---	---	---	---	---	---	---	---	---	616	633	17
Services	80	88	8	93	87	(6)	---	---	---	74	64	(10)
Contributions and												
Intergovernmental	3	3	---	1,045	990	(55)	4	4	---	11,217	11,499	282
Interest	---	---	---	221	210	(11)	99	72	(27)	1,627	1,674	47
Penalties and Unclaimed Property	299	331	32	11,928	11,299	(629)	---	---	---	1,085	1,104	19
Cost Reimbursement/												
Miscellaneous	2	2	---	1,556	1,474	(82)	318	232	(86)	164,645	168,939	4,294
Total Revenues	16,333	18,055	1,722	25,680	24,326	(1,354)	7,490	5,457	(2,033)	246,512	252,933	6,421
Expenditures:												
Current:												
General Government	---	---	---	12,717	10,388	2,329	22	10	12	4,777	3,226	1,551
Education	89	82	7	---	---	---	---	---	---	2,420	1,938	482
Natural and Economic Resources	8,621	6,720	1,901	7,868	6,716	1,152	11,384	7,204	4,180	17,635	10,814	6,821
Transportation and Law												
Enforcement	---	---	---	12,589	8,279	4,310	5	---	5	5,307	3,870	1,437
Human Services	---	---	---	1,093	1,093	---	---	---	---	134,140	123,673	10,467
Capital Outlay	318	250	68	3,524	2,583	941	127	80	47	442	374	68
Debt Service	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	---	---	---	---	---	---	---	---	---	272	246	26
Total Expenditures	9,028	7,052	1,976	37,791	29,059	8,732	11,538	7,294	4,244	164,993	144,141	20,852
Excess Revenues (Expenditures)	7,305	11,003	3,698	(12,111)	(4,733)	7,378	(4,048)	(1,837)	2,211	81,519	108,792	27,273
Other Financing Sources (Uses):												
Transfers In	---	8	8	7,795	7,796	1	3,115	3,116	1	4,269	4,236	(33)
Transfers Out	(9,976)	(8,473)	1,503	(5,723)	(5,026)	697	(961)	(591)	370	(181,519)	(175,409)	6,110
Total Other Financing Sources (Uses)	(9,976)	(8,465)	1,511	2,072	2,770	698	2,154	2,525	371	(177,250)	(171,173)	6,077
Excess Revenues and Other Sources (Expenditures and Other Uses)	(2,671)	2,538	5,209	(10,039)	(1,963)	8,076	(1,894)	688	2,582	(95,731)	(62,381)	33,350
Fund Balances – Beginning	28,192	28,192	---	30,851	30,851	---	1,673	1,673	---	118,324	118,324	---
Fund Balances – Ending	\$ 25,521	\$ 30,730	\$ 5,209	\$ 20,812	\$ 28,888	\$ 8,076	\$ (221)	\$ 2,361	\$ 2,582	\$ 22,593	\$ 55,943	\$ 33,350
Reconciling Items:												
Investments	---							3,211			6,120	
Receivables	---				1,317			955			3,912	
Due from Other Funds	---				66			---			1	
Inventory	27				3			---			8	
Accounts Payable	(156)				(128)			(62)			(1,658)	
Accrued Payroll	(178)				(250)			(72)			(192)	
Due to Other Funds	(102)				(212)			(32)			(64)	
Deferred Revenue	---				(13)			(1)			(859)	
Fund Balance per GAAP	\$ 30,321				\$ 29,671			\$ 6,360			\$ 63,211	

This schedule is continued on pages 99-100.

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Taxes:									
Cigarette	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 32,402	\$ 33,250	\$ 848
Liquor	---	---	---	---	---	---	1,321	962	(359)
Reimbursement/Miscellaneous	49,854	62,049	12,195	---	---	---	70,849	83,597	12,748
Total Taxes	49,854	62,049	12,195	---	---	---	104,572	117,809	13,237
Licenses, Fees and Permits	---	---	---	95,835	98,063	2,228	142,220	144,369	2,149
Sales	---	---	---	574	593	19	1,190	1,226	36
Services	---	---	---	12	6	(6)	259	245	(14)
Contributions and									
Intergovernmental	168	213	45	597	606	9	13,034	13,315	281
Interest	316	391	75	1,207	1,241	34	3,470	3,588	118
Penalties and Unclaimed Property	2,074	2,581	507	1,135	1,164	29	16,521	16,479	(42)
Cost Reimbursement/									
Miscellaneous	221	277	56	20,135	20,598	463	186,877	191,522	4,645
Total Revenues	52,633	65,511	12,878	119,495	122,271	2,776	468,143	488,553	20,410
Expenditures:									
Current:									
General Government	4,811	3,289	1,522	5,442	4,215	1,227	27,769	21,128	6,641
Education	---	---	---	375	1	374	2,884	2,021	863
Natural and Economic Resources	69,833	62,242	7,591	63,961	50,067	13,894	179,302	143,763	35,539
Transportation and Law									
Enforcement	---	---	---	17,560	12,473	5,087	35,461	24,622	10,839
Human Services	139	75	64	49,411	18,751	30,660	184,783	143,592	41,191
Capital Outlay	696	592	104	3,726	2,614	1,112	8,833	6,493	2,340
Debt Service	---	---	---	20	15	5	20	15	5
Intergovernmental	---	---	---	6,126	4,224	1,902	6,398	4,470	1,928
Total Expenditures	75,479	66,198	9,281	146,621	92,360	54,261	445,450	346,104	99,346
Excess Revenues (Expenditures)	(22,846)	(687)	22,159	(27,126)	29,911	57,037	22,693	142,449	119,756
Other Financing Sources (Uses):									
Transfers In	3,650	3,619	(31)	28,312	27,635	(677)	47,141	46,410	(731)
Transfers Out	(11,698)	(9,847)	1,851	(64,224)	(59,211)	5,013	(274,101)	(258,557)	15,544
Total Other Financing Sources (Uses)	(8,048)	(6,228)	1,820	(35,912)	(31,576)	4,336	(226,960)	(212,147)	14,813
Excess Revenues and Other Sources (Expenditures and Other Uses)	(30,894)	(6,915)	23,979	(63,038)	(1,665)	61,373	(204,267)	(69,698)	134,569
Fund Balances – Beginning	25,286	25,286	---	50,745	50,745	---	255,071	255,071	---
Fund Balances – Ending	\$ (5,608)	\$ 18,371	\$ 23,979	\$ (12,293)	\$ 49,080	\$ 61,373	\$ 50,804	\$ 185,373	\$ 134,569
Reconciling Items:									
Investments	---	---	---	---	20	---	9,351	---	---
Receivables	3,781	3,781	---	---	1,795	---	11,760	---	---
Due from Other Funds	---	---	---	---	3	---	70	---	---
Inventory	---	---	---	---	86	---	124	---	---
Accounts Payable	(473)	(473)	---	---	(1,781)	---	(4,258)	---	---
Accrued Payroll	(411)	(411)	---	---	(1,673)	---	(2,776)	---	---
Due to Other Funds	(306)	(306)	---	---	(554)	---	(1,270)	---	---
Deferred Revenue	(3,392)	(3,392)	---	---	(69)	---	(4,334)	---	---
Fund Balance per GAAP	\$ 17,570	\$ 17,570	---	---	\$ 46,907	---	\$ 194,040	---	---



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

Debt Service Funds:

Water Pollution Control Bond and Interest – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

Third State Building Bond Interest and Sinking – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

Fourth State Building Bond and Interest – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

Stormwater Control Bond and Interest – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

STATE OF MISSOURI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2003
(In Thousands of Dollars)

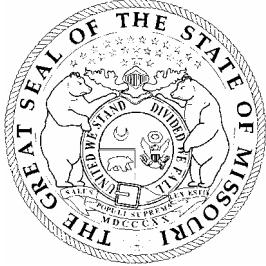
	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2003
ASSETS					
Cash and Cash Equivalents	\$ 32,817	\$ 47,735	\$ 23,753	\$ 3,246	\$ 107,551
Interest Receivable	<u>106</u>	<u>154</u>	<u>79</u>	<u>10</u>	<u>349</u>
Total Assets	<u>\$ 32,923</u>	<u>\$ 47,889</u>	<u>\$ 23,832</u>	<u>\$ 3,256</u>	<u>\$ 107,900</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	\$ 47	\$ 68	\$ 35	\$ 4	\$ 154
Total Liabilities	<u>47</u>	<u>68</u>	<u>35</u>	<u>4</u>	<u>154</u>
Fund Balances:					
Reserved for Debt Service	<u>32,876</u>	<u>47,821</u>	<u>23,797</u>	<u>3,252</u>	<u>107,746</u>
Total Fund Balances	<u>32,876</u>	<u>47,821</u>	<u>23,797</u>	<u>3,252</u>	<u>107,746</u>
Total Liabilities and Fund Balances	<u>\$ 32,923</u>	<u>\$ 47,889</u>	<u>\$ 23,832</u>	<u>\$ 3,256</u>	<u>\$ 107,900</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2003
Revenues:					
Investment Earnings	\$ 676	\$ 971	\$ 453	\$ 56	\$ 2,156
Cost Reimbursement/ Miscellaneous	---	---	183	---	183
Total Revenues	<u>676</u>	<u>971</u>	<u>636</u>	<u>56</u>	<u>2,339</u>
Expenditures:					
Debt Service:					
Principal	15,325	29,340	6,765	725	52,155
Interest	15,878	14,478	11,156	1,821	43,333
Underwriter's Discount	<u>380</u>	<u>544</u>	<u>399</u>	<u>---</u>	<u>1,323</u>
Total Expenditures	<u>31,583</u>	<u>44,362</u>	<u>18,320</u>	<u>2,546</u>	<u>96,811</u>
Excess Expenditures	<u>(30,907)</u>	<u>(43,391)</u>	<u>(17,684)</u>	<u>(2,490)</u>	<u>(94,472)</u>
Other Financing Sources:					
(Uses):					
Proceeds from General Obligation Bonds	147,710	211,630	154,840	---	514,180
Proceeds from Tobacco Note	13,045	29,340	3,285	480	46,150
Payments to Escrow Agent	(161,187)	(232,277)	(166,375)	---	(559,839)
Bond Premium	13,856	21,191	11,934	---	46,981
Transfers In	14,800	8,429	18,284	2,949	44,462
Transfers Out	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>	<u>---</u>	<u>(4)</u>
Total Other Financing Sources (Uses)	<u>28,223</u>	<u>38,311</u>	<u>21,967</u>	<u>3,429</u>	<u>91,930</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	(2,684)	(5,080)	4,283	939	(2,542)
Fund Balances – Beginning	<u>35,560</u>	<u>52,901</u>	<u>19,514</u>	<u>2,313</u>	<u>110,288</u>
Fund Balances – Ending	<u>\$ 32,876</u>	<u>\$ 47,821</u>	<u>\$ 23,797</u>	<u>\$ 3,252</u>	<u>\$ 107,746</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest						Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Totals								
	Budget			Actual			Budget			Actual			Budget			Actual			Budget			Variance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:																								
Interest	\$ 1,065	\$ 732	\$ (333)	\$ 975	\$ 1,058	\$ 83	\$ 778	\$ 656	\$ (122)	\$ 92	\$ 58	\$ (34)	\$ 2,910	\$ 2,504	\$ (406)									
Total Revenues	1,065	732	(333)	975	1,058	83	778	656	(122)	92	58	(34)	2,910	2,504	(406)									
Expenditures:																								
Debt Service	35,085	18,158	16,927	50,712	14,483	36,229	18,709	14,636	4,073	2,750	2,066	684	107,256	49,343	57,913									
Total Expenditures	35,085	18,158	16,927	50,712	14,483	36,229	18,709	14,636	4,073	2,750	2,066	684	107,256	49,343	57,913									
Excess Expenditures	(34,020)	(17,426)	16,594	(49,737)	(13,425)	36,312	(17,931)	(13,980)	3,951	(2,658)	(2,008)	650	(104,346)	(46,839)	57,507									
Other Financing Sources (Uses):																								
Transfers In	14,800	14,800	---	8,429	8,429	---	18,284	18,284	---	2,949	2,949	---	44,462	44,462	---									
Transfers Out	(2)	(1)	1	(2)	(2)	---	(1)	(1)	---	---	---	---	---	(5)	(4)	1								
Total Other Financing Sources (Uses)	14,798	14,799	1	8,427	8,427	---	18,283	18,283	---	2,949	2,949	---	44,457	44,458	1									
Excess Revenues and Other Sources (Expenditures and Other Uses)	(19,222)	(2,627)	16,595	(41,310)	(4,998)	36,312	352	4,303	3,951	291	941	650	(59,889)	(2,381)	57,508									
Fund Balances - Beginning	35,444	35,444	---	52,733	52,733	---	19,450	19,450	---	2,305	2,305	---	109,932	109,932	---									
Fund Balances - Ending	\$ 16,222	\$ 32,817	\$ 16,595	\$ 11,423	\$ 47,735	\$ 36,312	\$ 19,802	\$ 23,753	\$ 3,951	\$ 2,596	\$ 3,246	\$ 650	\$ 50,043	\$ 107,551	\$ 57,508									
Reconciling Items:																								
Interest Receivable	106						154			79			10											
Deferred Revenues		(47)					(68)			(35)			(4)											
Fund Balances - GAAP Basis	\$ 32,876						\$ 47,821			\$ 23,797			\$ 3,252											



The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Non-Major Capital Projects Funds:

Veterans' Homes Capital Improvement – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

Water Pollution Control – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

Fourth State Building – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections and the Division of Youth Services.

Stormwater Control – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

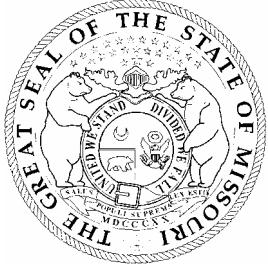
Board of Public Building Revenue Bonds – Accounts for bond sale proceeds to be used for renovating state buildings and structures, as well as refinancing the payment of temporary notes issued by the Tobacco Settlement Financing Authority.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2003
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2003
ASSETS						
Cash and Cash Equivalents	\$ 37,720	\$ 51,567	\$ 10,118	\$ 29,809	\$ 203,228	\$ 332,442
Interest Receivable	139	86	33	49	431	738
Total Assets	<u>\$ 37,859</u>	<u>\$ 51,653</u>	<u>\$ 10,151</u>	<u>\$ 29,858</u>	<u>\$ 203,659</u>	<u>\$ 333,180</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 18	\$ ---	\$ ---	\$ ---	\$ ---	\$ 18
Accrued Payroll	32	---	---	---	---	32
Due to Other Funds	16	---	---	---	108	124
Deferred Revenue	62	38	15	22	190	327
Total Liabilities	<u>128</u>	<u>38</u>	<u>15</u>	<u>22</u>	<u>298</u>	<u>501</u>
Fund Balances:						
Unreserved	<u>37,731</u>	<u>51,615</u>	<u>10,136</u>	<u>29,836</u>	<u>203,361</u>	<u>332,679</u>
Total Fund Balances	<u>37,731</u>	<u>51,615</u>	<u>10,136</u>	<u>29,836</u>	<u>203,361</u>	<u>332,679</u>
Total Liabilities and Fund Balances	<u>\$ 37,859</u>	<u>\$ 51,653</u>	<u>\$ 10,151</u>	<u>\$ 29,858</u>	<u>\$ 203,659</u>	<u>\$ 333,180</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2003
Revenues:						
Contributions and Intergovernmental Investment Earnings	\$ 115 <u>1,103</u>	\$ --- <u>1,146</u>	\$ --- <u>208</u>	\$ --- <u>559</u>	\$ --- <u>491</u>	\$ 115 <u>3,507</u>
Total Revenues	<u>1,218</u>	<u>1,146</u>	<u>208</u>	<u>559</u>	<u>491</u>	<u>3,622</u>
Expenditures:						
Current:						
General Government	4	31	---	15	---	50
Education	---	---	4	---	---	4
Transportation and Law Enforcement	3,502	---	---	---	---	3,502
Human Services	---	---	179	---	---	179
Capital Outlay:						
Current Expenditures	8,870	---	1,584	---	108	10,562
Debt Service:						
Bond Issuance Costs	---	---	---	---	385	385
Underwriter's Discount	---	---	---	---	813	813
Intergovernmental	<u>---</u>	<u>11,459</u>	<u>---</u>	<u>5,158</u>	<u>---</u>	<u>16,617</u>
Total Expenditures	<u>12,376</u>	<u>11,490</u>	<u>1,767</u>	<u>5,173</u>	<u>1,306</u>	<u>32,112</u>
Excess Expenditures	<u>(11,158)</u>	<u>(10,344)</u>	<u>(1,559)</u>	<u>(4,614)</u>	<u>(815)</u>	<u>(28,490)</u>
Other Financing Sources (Uses):						
Proceeds from General Obligation/Other Bonds	---	30,000	---	15,000	387,425	432,425
Payments to Escrow Agent	---	---	---	---	(55,599)	(55,599)
Bond Premium	---	---	---	---	22,350	22,350
Transfers In	3,000	---	---	---	---	3,000
Transfers Out	<u>(6,361)</u>	<u>(11,657)</u>	<u>(3)</u>	<u>---</u>	<u>(150,000)</u>	<u>(168,021)</u>
Total Other Financing Sources (Uses)	<u>(3,361)</u>	<u>18,343</u>	<u>(3)</u>	<u>15,000</u>	<u>204,176</u>	<u>234,155</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	(14,519)	7,999	(1,562)	10,386	203,361	205,665
Fund Balances – Beginning	<u>52,250</u>	<u>43,616</u>	<u>11,698</u>	<u>19,450</u>	<u>---</u>	<u>127,014</u>
Fund Balances – Ending	<u>\$ 37,731</u>	<u>\$ 51,615</u>	<u>\$ 10,136</u>	<u>\$ 29,836</u>	<u>\$ 203,361</u>	<u>\$ 332,679</u>



The Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Permanent Funds:

Arrow Rock State Historic Site Endowment – Accounts for moneys transferred from the State Parks Earnings fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

Confederate Memorial Park – Accounts for the income from investments acquired by gifts, donations and bequests to be used for the maintenance of the Confederate Memorial Park.

State Public School – Accounts for all moneys, bonds, lands and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

Smith Memorial Endowment Trust – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

Missouri Investment Trust – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

STATE OF MISSOURI
COMBINING BALANCE SHEET
PERMANENT FUNDS
June 30, 2003
(In Thousands of Dollars)

	Arrow Rock State Historic Site	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals
						June 30, 2003
ASSETS						
Cash and Cash Equivalents	\$ 22	\$ 139	\$ 4	\$ 388	\$ ---	\$ 553
Investments	---	---	19,508	---	17,916	37,424
Interest Receivable	---	---	---	1	---	1
Total Assets	\$ 22	\$ 139	\$ 19,512	\$ 389	\$ 17,916	\$ 37,978
LIABILITIES AND FUND BALANCES						
Fund Balances:						
Reserved for Trust Principal	\$ 22	\$ 75	\$ 19,512	\$ 365	\$ 17,916	\$ 37,890
Unreserved	---	64	---	24	---	88
Total Fund Balances	22	139	19,512	389	17,916	37,978
Total Liabilities and Fund Balances	\$ 22	\$ 139	\$ 19,512	\$ 389	\$ 17,916	\$ 37,978

Note: There were no liabilities in Permanent Funds at June 30, 2003.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

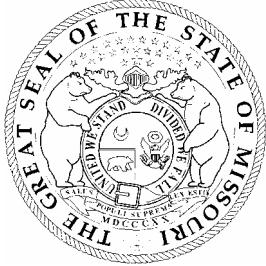
	Arrow Rock State Historic Site	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals
						June 30, 2003
Revenues:						
Investment Earnings:						
Net Decrease in the Fair Value of Investments	\$ ---	\$ ---	\$ ---	\$ ---	\$ (145)	\$ (145)
Interest	---	3	---	10	---	13
Penalties and Unclaimed Properties	---	---	179	---	---	179
Total Revenues	---	3	179	10	(145)	47
Expenditures:						
Human Services	---	---	---	35	---	35
Total Expenditures	---	---	---	35	---	35
Excess Revenues (Expenditures)	---	3	179	(25)	(145)	12
Other Financing Sources:						
Transfers In	22	---	1,714	---	---	1,736
Total Other Financing Sources	22	---	1,714	---	---	1,736
Excess Revenues and Other Sources (Expenditures and Other Uses)	22	3	1,893	(25)	(145)	1,748
Fund Balances – Beginning	---	136	17,619	414	18,061	36,230
Fund Balances – Ending	<u>\$ 22</u>	<u>\$ 139</u>	<u>\$ 19,512</u>	<u>\$ 389</u>	<u>\$ 17,916</u>	<u>\$ 37,978</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL APPROPRIATED PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Arrow Rock State Historic Site			Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Redeposit of Investment Principal Interest	\$ ---	\$ ---	\$ ---	\$ ---	\$ 4	\$ 4	\$ ---	\$ 10,698	\$ 35,069	\$ 24,371	\$ ---	\$ ---
Penalties and Unclaimed Property	---	---	---	---	---	---	54	178	124	20	10	(10)
Total Revenues	---	---	---	4	4	---	10,883	35,676	24,793	20	10	(10)
Expenditures:												
Education	---	---	---	---	---	---	37,402	37,399	3	---	---	---
Human Services	---	---	---	---	---	---	---	---	---	35	35	---
Total Expenditures	---	---	---	---	---	---	37,402	37,399	3	35	35	---
Excess Revenues (Expenditures)	---	---	---	4	4	---	(26,519)	(1,723)	24,796	(15)	(25)	(10)
Other Financing Sources:												
Transfers In	22	22	---	---	---	---	2,112	1,714	(398)	---	---	---
Total Other Financing Sources	22	22	---	---	---	---	2,112	1,714	(398)	---	---	---
Excess Revenues and Other Sources (Expenditures and Other Uses)	22	22	---	4	4	---	(24,407)	(9)	24,398	(15)	(25)	(10)
Fund Balances - Beginning	---	---	---	135	135	---	13	13	---	413	413	---
Fund Balances - Ending	\$ 22	\$ 22	\$ ---	\$ 139	\$ 139	\$ ---	\$ (24,394)	\$ 4	\$ 24,398	\$ 398	\$ 388	\$ (10)
Reconciling Items:												
Investments	---	---	---	---	---	---	19,508	---	---	---	1	---
Interest Receivable	---	---	---	---	---	---	---	---	---	---	---	1
Fund Balance - GAAP Basis	\$ 22	---	---	\$ 139	---	---	\$ 19,512	---	---	\$ 389	---	---

Note: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.

	Totals		
	Budget	Actual	Variance
Revenues:			
Redeposit of Investment Principal	\$ 10,698	\$ 35,069	\$ 24,371
Interest	155	443	288
Penalties and Unclaimed Property	54	178	124
Total Revenues	<u>10,907</u>	<u>35,690</u>	<u>24,783</u>
Expenditures:			
Education	37,402	37,399	3
Human Services	<u>35</u>	<u>35</u>	<u>---</u>
Total Expenditures	<u>37,437</u>	<u>37,434</u>	<u>3</u>
Excess Revenues (Expenditures)	<u>(26,530)</u>	<u>(1,744)</u>	<u>24,786</u>
Other Financing Sources:			
Transfers In	2,134	1,736	(398)
Total Other Financing Sources	<u>2,134</u>	<u>1,736</u>	<u>(398)</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	<u>(24,396)</u>	<u>(8)</u>	<u>24,388</u>
Fund Balances – Beginning	<u>561</u>	<u>561</u>	<u>---</u>
Fund Balances – Ending	<u>\$ (23,835)</u>	<u>\$ 553</u>	<u>\$ 24,388</u>
Reconciling Items:			
Investments		19,508	
Interest Receivable		<u>1</u>	
Fund Balance – GAAP Basis		<u>\$ 20,062</u>	



The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises.

Non-Major Enterprise Funds:

State Fair Fees – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State fair.

State Parks – Accounts for park concessions and contributions which are used to acquire and operate State parks.

Natural Resources Revolving Services – Accounts for moneys received from delivery of services and the sale or resale of maps, plats, reports, studies, records and other publications and documents.

Historic Preservation Revolving – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain or operate any historical properties.

Missouri Veterans' Homes – Accounts for fees to provide services for persons confined to one of the institutions.

State Agency for Surplus Property – Accounts for the surplus property operation.

Department of Revenue Information – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
June 30, 2003
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals
								June 30, 2003
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 264	\$ 5,379	\$ 382	\$ 854	\$ 473	\$ 1,995	\$ 619	\$ 9,966
Accounts Receivable, Net	---	59	25	---	204	154	172	614
Interest Receivable	---	---	---	3	4	---	---	7
Due from Other Funds	10	49	31	---	---	---	---	90
Inventories	---	237	434	---	248	142	159	1,220
Prepaid Items	---	---	34	---	---	2	---	36
Loans Receivable	---	---	---	576	---	---	---	576
Noncurrent Assets:								
Assets Held for Resale	---	---	---	115	---	---	---	115
Capital Assets:								
Construction in Progress	---	2,521	---	44	25	---	---	2,590
Land	---	10,025	---	185	---	---	---	10,210
Land Improvements	59	3,099	---	---	---	247	---	3,405
Buildings	3	11,213	---	---	139	225	---	11,580
Equipment	205	7,210	14,824	41	4,575	721	396	27,972
Less Accumulated Depreciation	(158)	(10,340)	(12,069)	(36)	(2,166)	(1,057)	(329)	(26,155)
Total Capital Assets (Net of Accumulated Depreciation)	109	23,728	2,755	234	2,573	136	67	29,602
Total Assets	383	29,452	3,661	1,782	3,502	2,429	1,017	42,226
LIABILITIES								
Current Liabilities:								
Accounts Payable	49	46	7	6	797	13	11	929
Accrued Payroll	22	43	---	1	992	25	6	1,089
Due to Other Funds	9	17	13	---	369	14	10	432
Deferred Revenue	---	---	42	---	---	---	---	42
Compensated Absences	3	32	6	1	1,253	49	7	1,351
Total Liabilities	83	138	68	8	3,411	101	34	3,843
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	109	23,728	2,755	234	2,573	136	67	29,602
Unrestricted	191	5,586	838	1,540	(2,482)	2,192	916	8,781
Total Net Assets	\$ 300	\$ 29,314	\$ 3,593	\$ 1,774	\$ 91	\$ 2,328	\$ 983	\$ 38,383

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2003
(In Thousands of Dollars)

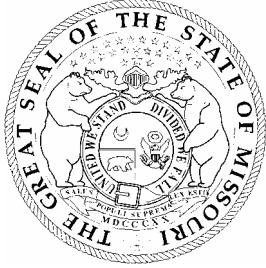
	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals
								June 30, 2003
Operating Revenues:								
Taxes	\$ 87	\$ 215	\$ ---	\$ ---	\$ ---	\$ ---	\$ 54	\$ 356
Licenses, Fees and Permits	3,038	4,284	---	---	1	---	---	7,323
Sales	---	516	317	---	173	2,264	1,965	5,235
Leases and Rentals	848	1,886	---	---	---	---	---	2,734
Charges for Services	---	---	468	---	16,408	---	---	16,876
Cost Reimbursement/Miscellaneous	6	1,806	36	---	9	---	---	1,857
Total Operating Revenues	<u>3,979</u>	<u>8,707</u>	<u>821</u>	<u>---</u>	<u>16,591</u>	<u>2,264</u>	<u>2,019</u>	<u>34,381</u>
Operating Expenses:								
Cost of Goods Sold	---	---	---	---	---	850	---	850
Personal Service	844	1,003	44	56	29,551	790	546	32,834
Operations	2,713	3,424	434	31	7,599	523	390	15,114
Inventories	36	71	373	---	4,430	9	3	4,922
Specific Programs	13	8	---	---	332	---	---	353
Depreciation	21	1,194	1,399	1	492	62	24	3,193
Other Charges	140	277	---	---	294	---	44	755
Total Operating Expenses	<u>3,767</u>	<u>5,977</u>	<u>2,250</u>	<u>88</u>	<u>42,698</u>	<u>2,234</u>	<u>1,007</u>	<u>58,021</u>
Operating Income (Loss)	<u>212</u>	<u>2,730</u>	<u>(1,429)</u>	<u>(88)</u>	<u>(26,107)</u>	<u>30</u>	<u>1,012</u>	<u>(23,640)</u>
Non-Operating Revenues (Expenses):								
Contributions and Intergovernmental	---	226	38	1	20,992	---	---	21,257
Interest	4	---	---	25	39	44	---	112
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	1
Disposal of Fixed Assets	---	(13)	(11)	---	(5)	---	---	(29)
Miscellaneous Revenues	---	---	---	---	---	24	---	24
Total Non-Operating Revenues (Expenses)	<u>4</u>	<u>214</u>	<u>27</u>	<u>26</u>	<u>21,026</u>	<u>68</u>	<u>---</u>	<u>21,365</u>
Income (Loss) Before Transfers	216	2,944	(1,402)	(62)	(5,081)	98	1,012	(2,275)
Transfers In	---	---	---	---	6,275	1	11	6,287
Transfers Out	(57)	(137)	(22)	(5)	(1,656)	(19)	(974)	(2,870)
Change in Net Assets	159	2,807	(1,424)	(67)	(462)	80	49	1,142
Total Net Assets - Beginning	141	26,507	5,017	1,841	553	2,248	934	37,241
Total Net Assets - Ending	<u>\$ 300</u>	<u>\$ 29,314</u>	<u>\$ 3,593</u>	<u>\$ 1,774</u>	<u>\$ 91</u>	<u>\$ 2,328</u>	<u>\$ 983</u>	<u>\$ 38,383</u>

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2003
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals
								June 30, 2003
Cash Flows from Operating Activities:								
Receipts from Customers and Users	\$ 3,973	\$ 6,842	\$ 785	\$ ---	\$ 16,582	\$ 2,315	\$ 2,035	\$ 32,532
Payments to Suppliers	(2,693)	(3,487)	(654)	(31)	(11,429)	(1,215)	(403)	(19,912)
Payments to Employees	(858)	(1,047)	(45)	(55)	(29,269)	(797)	(555)	(32,626)
Payments Made for Program Expense	(13)	(8)	---	---	(332)	---	---	(353)
Other Receipts (Payments)	(170)	1,529	23	6	(285)	(9)	(47)	1,047
Net Cash Provided (Used) by Operating Activities	<u>239</u>	<u>3,829</u>	<u>109</u>	<u>(80)</u>	<u>(24,733)</u>	<u>294</u>	<u>1,030</u>	<u>(19,312)</u>
Cash Flows from Non-Capital Operating Activities:								
Loans Made to Outside Entities	---	---	---	(431)	---	---	---	(431)
Due to/from Other Funds	(4)	(42)	(18)	(1)	77	5	6	23
Contributions and Intergovernmental	---	226	38	1	20,992	---	---	21,257
Transfers to/from Other Funds	(57)	(137)	(22)	(5)	4,619	(18)	(963)	3,417
Net Cash Provided (Used) by Non-Capital Operating Activities	<u>(61)</u>	<u>47</u>	<u>(2)</u>	<u>(436)</u>	<u>25,688</u>	<u>(13)</u>	<u>(957)</u>	<u>24,266</u>
Cash Flows from Capital and Related Financing Activities:								
Purchases and Construction of Capital Assets	(82)	(2,292)	(300)	(50)	(543)	(3)	---	(3,270)
Disposal of Capital Assets	---	(13)	(11)	---	(5)	---	---	(29)
Net Cash Used by Capital and Related Financing Activities	<u>(82)</u>	<u>(2,305)</u>	<u>(311)</u>	<u>(50)</u>	<u>(548)</u>	<u>(3)</u>	---	<u>(3,299)</u>
Cash Flows from Investing Activities:								
Interest and Dividends Received	5	---	---	29	42	44	---	120
Penalties and Other Receipts	---	1	---	---	---	24	---	25
Net Cash Provided by Investing Activities	<u>5</u>	<u>1</u>	<u>---</u>	<u>29</u>	<u>42</u>	<u>68</u>	---	<u>145</u>
Net Increase (Decrease) in Cash	101	1,572	(204)	(537)	449	346	73	1,800
Cash and Cash Equivalents, Beginning of Year	163	3,807	586	1,391	24	1,649	546	8,166
Cash and Cash Equivalents, End of Year	<u>\$ 264</u>	<u>\$ 5,379</u>	<u>\$ 382</u>	<u>\$ 854</u>	<u>\$ 473</u>	<u>\$ 1,995</u>	<u>\$ 619</u>	<u>\$ 9,966</u>

**Reconciliation of Operating Income of Net Cash
Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ 212	\$ 2,730	\$ (1,429)	\$ (88)	\$ (26,107)	\$ 30	\$ 1,012	\$ (23,640)
Depreciation Expense	21	1,194	1,399	1	492	62	24	3,193
Changes in Assets and Liabilities:								
Accounts Receivable	---	(59)	(14)	---	6	51	16	---
Inventories	---	(17)	111	---	(8)	173	---	259
Prepaid Items	---	---	46	---	---	(1)	---	45
Accounts Payable	20	25	(4)	6	608	(14)	(13)	628
Accrued Payroll	(2)	(17)	---	---	129	---	(4)	106
Deferred Revenue	---	---	1	---	(5)	---	---	(4)
Compensated Absences Payable	(12)	(27)	(1)	1	152	(7)	(5)	101
Net Cash Provided (Used) by Operating Activities	<u>\$ 239</u>	<u>\$ 3,829</u>	<u>\$ 116</u>	<u>\$ (80)</u>	<u>\$ (24,733)</u>	<u>\$ 294</u>	<u>\$ 1,030</u>	<u>\$ (19,312)</u>



The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.

Natural Resources Cost Allocation – Accounts for the administrative costs of the Department of Natural Resources.

Mental Health Interagency Payments – Accounts for moneys received through interagency agreements for services provided by other agencies.

State Facility Maintenance and Operation – Accounts for moneys transferred or paid to the Office of Administration as operating expenses and for rent expenses of certain state-owned facilities.

Office of Administration Revolving – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

Working Capital Revolving – Accounts for the operation of correctional industry programs and correctional farm programs.

Microfilming Service Revolving – Accounts for microfilming service operations.

General Government Revolving – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer and Department of Corrections.

Social Services Administrative Trust – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

Economic Development – Administrative – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

Professional Registration Fees – Accounts for moneys received from the professional boards for administrative services.

Conservation Employees' Insurance Plan – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for the Department of Conservation employees.

Transportation Self-Insurance Plan – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

Missouri State Employees' Insurance Plan – Accounts for long-term disability and death benefits provided on a self-insured basis for State employees.

Missouri Consolidated Health Care Plan – Accounts for medical care benefits provided on a self-insured basis for State employees.

Highway and Transportation Employees' and Highway Patrol Insurance Plan – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2003
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals
														June 30, 2003	
ASSETS															
Current Assets:															
Cash and Cash Equivalents	\$ 1,127	\$ 565	\$ 950	\$ 10,602	\$ 10,128	\$ 1,375	\$ 704	\$ 572	\$ 369	\$ 1,324	\$ 594	\$ ---	\$ 61,123	\$ 14,752	\$ 104,185
Investments	---	---	---	---	---	---	---	---	---	---	31,377	\$ 1,750	---	---	33,127
Accounts Receivable, Net	---	---	31	1,932	1,987	6,632	---	1	---	356	---	911	2,598	15	14,463
Interest Receivable	---	---	---	---	---	---	---	---	---	---	154	---	45	---	199
Due from Other Funds	---	479	26	3,172	1,160	---	157	1	---	---	---	121	10,381	---	15,497
Inventories	---	16	---	259	9,822	---	---	2	12	---	---	---	---	---	10,111
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	4	---	4	4
Noncurrent Assets:															
Restricted Cash and Cash Equivalents	---	---	83,962	---	---	---	---	---	---	---	---	---	---	---	83,962
Capital Assets:															
Construction in Progress	---	---	89,874	4,804	---	---	---	---	---	---	---	---	---	---	94,678
Land	---	---	8,307	11	103	---	---	---	---	---	---	---	---	---	8,421
Land Improvements	---	---	2,852	---	---	---	---	---	---	---	---	---	---	---	2,852
Buildings	2	---	222,506	5,792	6,394	---	---	---	2,300	---	---	---	---	---	236,994
Equipment	4,797	461	3,087	30,565	22,261	54	592	792	1,485	---	---	---	2,627	---	66,721
Less Accumulated Depreciation	(3,450)	(60)	(110,415)	(23,947)	(20,849)	(29)	(235)	(550)	(1,383)	---	---	---	(2,038)	---	(162,956)
Total Capital Assets (Net of Accumulated Depreciation)	1,349	401	216,211	17,225	7,909	25	357	242	2,402	---	---	589	---	246,710	
Total Assets	2,476	1,461	301,180	33,190	31,006	8,032	1,218	818	2,783	1,680	32,125	2,782	74,740	14,767	508,258
LIABILITIES															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	---	---	3	---	---	3
Accounts Payable	5	---	439	2,372	2,949	88	32	7	80	1,694	37,407	2,448	28,131	9,998	85,650
Accrued Payroll	190	3	248	451	487	36	2	46	114	---	---	---	---	---	1,577
Due to Other Funds	66	---	115	145	127	20	7	17	50	---	---	---	---	---	547
Deferred Revenue	---	---	---	180	---	---	---	---	---	---	---	---	12,660	5,325	18,165
Obligations under Lease Purchase	---	---	44	1,336	4	---	---	---	---	---	---	---	---	---	1,384
Compensated Absences	400	---	504	978	583	57	2	76	191	---	---	163	---	2,954	
Noncurrent Liabilities:															
Obligations under Lease Purchase	---	---	813	1,406	---	---	---	---	---	---	---	---	---	---	2,219
Compensated Absences	65	---	82	158	95	9	---	12	31	---	---	26	---	---	478
Total Liabilities	726	3	2,245	7,026	4,245	210	43	158	466	1,694	37,407	2,451	40,980	15,323	112,977
NET ASSETS															
Invested in Capital Assets, Net of Related Debt	1,349	401	216,211	17,225	7,909	25	357	242	2,402	---	---	589	---	246,710	
Unrestricted	401	1,057	82,724	8,939	18,852	7,797	818	418	(85)	(14)	(5,282)	331	33,171	(556)	148,571
Total Net Assets	\$ 1,750	\$ 1,458	\$ 298,935	\$ 26,164	\$ 26,761	\$ 7,822	\$ 1,175	\$ 660	\$ 2,317	\$ (14)	\$ (5,282)	\$ 331	\$ 33,760	\$ (556)	\$ 395,281

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

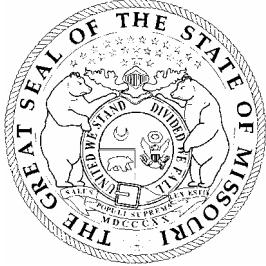
	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Missouri State Employees' Self-Insurance Plan	Missouri Consolidated Health Care Plan	Missouri Employees' and Highway Patrol Insurance Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals
Operating Revenues:															
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 7,509	\$ 22,044	\$ ---	\$ 292,123	\$ 47,068	\$ 368,744
Employee Contributions	---	---	---	---	---	---	---	---	---	4,207	---	25,223	84,373	21,504	135,307
Licenses, Fees and Permits	---	---	9	---	---	6,437	---	---	---	---	---	---	---	---	6,446
Sales	---	---	---	---	32,438	17	3	2	---	---	---	---	---	---	32,460
Leases and Rentals	---	---	20,037	---	89	8	144	---	---	---	---	---	---	---	20,278
Charges for Services	9,205	7,515	531	76,776	---	3,783	5,122	1,978	6,290	---	---	---	---	---	111,200
Cost Reimbursement/Miscellaneous	2	---	---	2,783	4	50	23	163	---	516	336	436	---	631	4,944
Total Operating Revenues	9,207	7,515	20,577	79,559	32,531	10,295	5,292	2,143	6,290	12,232	22,380	25,659	376,496	69,203	679,379
Operating Expenses:															
Cost of Goods Sold	---	---	---	3,875	12,669	---	---	---	---	---	---	---	---	---	16,544
Personal Service	5,936	62	8,090	14,037	10,032	1,188	9	1,352	3,431	---	---	291	3,753	---	48,181
Operations	1,703	2,495	25,837	53,396	4,466	3,338	4,694	231	1,776	1,466	843	183	9,066	7,100	116,594
Inventories	76	12	90	768	172	6	---	20	125	---	---	---	---	---	1,269
Specific Programs	1	3,851	11	---	13	---	---	---	3	---	---	---	---	---	3,879
Insurance Benefits	---	---	---	---	---	---	---	---	9,776	14,660	25,170	338,174	57,109	444,889	
Depreciation	978	57	450	5,687	1,638	8	54	91	268	---	---	281	---	---	9,512
Other Charges	66	8	52	1,628	1,397	5	---	53	49	2	---	---	---	---	3,260
Total Operating Expenses	8,760	6,485	34,530	79,391	30,387	4,545	4,757	1,747	5,652	11,244	15,503	25,644	351,274	64,209	644,128
Operating Income (Loss)	447	1,030	(13,953)	168	2,144	5,750	535	396	638	988	6,877	15	25,222	4,994	35,251
Non-Operating Revenues (Expenses):															
Contributions and Intergovernmental	---	479	37	---	---	26	157	1	---	---	---	---	---	---	700
Interest Expense	---	---	(552)	(353)	(2)	---	---	---	---	---	---	---	---	---	(907)
Investment Earnings:															
Net Decrease in the Fair Value of Investments	---	---	---	---	---	---	---	---	---	(174)	---	---	---	---	(174)
Interest	---	---	2,290	---	---	---	---	---	10	776	32	668	125	3,901	
Penalties and Unclaimed Properties	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Disposal of Fixed Assets	1	---	(15)	283	(443)	---	(7)	(1)	(11)	---	---	---	---	---	(193)
Other Non-Operating Expenses	---	---	---	---	---	---	---	---	---	---	---	---	---	---	(8)
Total Non-Operating Revenues (Expenses)	1	479	1,760	(70)	(445)	26	151	---	(11)	10	602	32	660	125	3,320
Income (Loss) Before Transfers	448	1,509	(12,193)	98	1,699	5,776	686	396	627	998	7,479	47	25,882	5,119	38,571
Transfers Out	(326)	(54)	(397)	(532)	(664)	(68)	(18)	(86)	(397)	---	---	---	---	---	(2,542)
Change in Net Assets	122	1,455	(12,590)	(434)	1,035	5,708	668	310	230	998	7,479	47	25,882	5,119	36,029
Total Net Assets - Beginning	1,628	3	311,525	26,598	25,726	2,114	507	350	2,087	(1,012)	(12,761)	284	7,878	(5,675)	359,252
Total Net Assets - Ending	\$ 1,750	\$ 1,458	\$ 298,935	\$ 26,164	\$ 26,761	\$ 7,822	\$ 1,175	\$ 660	\$ 2,317	\$ (14)	\$ (5,282)	\$ 331	\$ 33,760	\$ (556)	\$ 395,281

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2003
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals	
														June 30, 2003	
Cash Flows from Operating Activities:															
Receipts from Customers and Users	\$ 9,205	\$ 7,515	\$ 20,625	\$ 79,323	\$ 32,048	\$ 4,093	\$ 5,270	\$ 2,042	\$ 6,290	\$ 12,185	\$ 22,445	\$ 25,769	\$ 367,090	\$ 70,240	\$ 664,140
Payments to Suppliers	(1,783)	(2,750)	(25,489)	(58,983)	(17,265)	(3,256)	(4,671)	(243)	(1,846)	(11,238)	(992)	(208)	(8,979)	(64,559)	(202,262)
Payments to Employees	(5,750)	(66)	(8,132)	(14,140)	(9,793)	(1,218)	(8)	(1,341)	(3,440)	---	---	---	(3,741)	---	(47,894)
Payments Made for Program Expense	(1)	(3,851)	(11)	---	(13)	---	---	---	(3)	---	(11,892)	(25,175)	(341,054)	---	(382,000)
Other Receipts (Payments)	(64)	(8)	(52)	2,783	(1,393)	45	23	110	(49)	(2)	---	---	---	---	1,393
Net Cash Provided (Used) by Operating Activities	<u>1,607</u>	<u>840</u>	<u>(13,059)</u>	<u>8,983</u>	<u>3,584</u>	<u>(336)</u>	<u>614</u>	<u>568</u>	<u>952</u>	<u>945</u>	<u>9,561</u>	<u>121</u>	<u>13,316</u>	<u>5,681</u>	<u>33,377</u>
Cash Flows from Non-Capital Operating Activities:															
Due to/from Other Funds	12	(480)	(4)	(3,176)	(1,139)	7	(150)	3	13	---	---	(6)	(1,692)	---	(6,612)
Contributions and Intergovernmental	---	479	37	---	---	26	157	1	---	---	---	---	---	---	700
Transfers to/from Other Funds	(326)	(54)	(397)	(532)	(664)	(68)	(18)	(86)	(397)	---	---	---	---	---	(2,542)
Other Payments	---	---	---	---	---	---	---	---	---	---	---	---	(8)	---	(8)
Net Cash Used by Non-Capital Operating Activities	<u>(314)</u>	<u>(55)</u>	<u>(364)</u>	<u>(3,708)</u>	<u>(1,803)</u>	<u>(35)</u>	<u>(11)</u>	<u>(82)</u>	<u>(384)</u>	<u>---</u>	<u>---</u>	<u>(6)</u>	<u>(1,700)</u>	<u>---</u>	<u>(8,462)</u>
Cash Flows from Capital and Related Financing Activities:															
Interest Expense	---	---	(552)	(353)	(2)	---	---	---	---	---	---	---	---	---	(907)
Purchases and Construction of Capital Assets	(1,073)	(455)	(65,803)	(5,241)	(906)	(3)	(70)	(122)	(391)	---	---	---	(179)	---	(74,243)
Capital Lease Downpayment/Obligations	---	---	(41)	(1,613)	(44)	---	---	---	---	---	---	---	---	---	(1,698)
Disposal of Capital Assets	1	---	---	283	---	---	---	---	---	---	---	---	---	---	284
Net Cash Used by Capital and Related Financing Activities	<u>(1,072)</u>	<u>(455)</u>	<u>(66,396)</u>	<u>(6,924)</u>	<u>(952)</u>	<u>(3)</u>	<u>(70)</u>	<u>(122)</u>	<u>(391)</u>	<u>---</u>	<u>---</u>	<u>(179)</u>	<u>---</u>	<u>(76,564)</u>	
Cash Flows from Investing Activities:															
Proceeds from Investment Maturities	---	---	---	---	---	---	---	---	---	22,092	494,793	---	---	---	516,885
Purchase of Investments	---	---	---	---	---	---	---	---	---	(31,833)	(494,937)	---	---	---	(526,770)
Interest and Dividends Received	---	---	2,290	---	---	---	---	---	10	774	32	668	125	3,899	
Penalties and Other Receipts	---	---	---	---	---	1	---	---	---	---	---	---	---	1	
Net Cash Provided (Used) by Investing Activities	<u>---</u>	<u>---</u>	<u>2,290</u>	<u>---</u>	<u>---</u>	<u>1</u>	<u>---</u>	<u>---</u>	<u>10</u>	<u>(8,967)</u>	<u>(112)</u>	<u>668</u>	<u>125</u>	<u>(5,985)</u>	
Net Increase (Decrease) in Cash	221	330	(77,529)	(1,649)	829	(374)	534	364	177	955	594	3	12,105	5,806	(57,634)
Cash and Cash Equivalents, Beginning of Year	906	235	162,441	12,251	9,299	1,749	170	208	192	369	369	(6)	49,018	8,946	245,778
Cash and Cash Equivalents, End of Year	<u>\$ 1,127</u>	<u>\$ 565</u>	<u>\$ 84,912</u>	<u>\$ 10,602</u>	<u>\$ 10,128</u>	<u>\$ 1,375</u>	<u>\$ 704</u>	<u>\$ 572</u>	<u>\$ 369</u>	<u>\$ 1,324</u>	<u>\$ 594</u>	<u>\$ (3)</u>	<u>\$ 61,123</u>	<u>\$ 14,752</u>	<u>\$ 188,144</u>
Reconciliation of Operating Income of Net Cash Provided (Used) by Operating Activities:															
Operating Income (Loss)	\$ 447	\$ 1,030	\$ (13,953)	\$ 168	\$ 2,144	\$ 5,750	\$ 535	\$ 396	\$ 638	\$ 988	\$ 6,877	\$ 15	\$ 25,222	\$ 4,994	\$ 35,251
Depreciation Expense	978	57	450	5,687	1,638	8	54	91	268	---	---	---	281	---	9,512
Changes in Assets and Liabilities:	---	---	---	---	---	---	---	---	---	---	---	---	---	---	
Accounts Receivable	---	---	48	2,512	(479)	(6,152)	1	62	---	(47)	---	162	(136)	139	(3,890)
Interest Receivable	---	---	---	---	---	---	---	---	---	---	65	---	18	---	83
Inventories	---	(15)	1	130	344	---	---	1	---	---	---	---	---	---	461
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	---	---	173
Accounts Payable	(4)	(228)	437	554	(302)	88	23	7	55	4	2,619	(56)	(2,848)	(469)	(120)
Accrued Payroll	17	(4)	(12)	(25)	10	(1)	1	2	6	---	---	---	---	---	(6)
Deferred Revenue	---	---	---	---	35	---	---	---	---	---	---	---	(9,288)	899	(8,354)
Compensated Absences Payable	169	---	(30)	(78)	229	(29)	---	9	(15)	---	---	12	---	267	
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,607</u>	<u>\$ 840</u>	<u>\$ (13,059)</u>	<u>\$ 8,983</u>	<u>\$ 3,584</u>	<u>\$ (336)</u>	<u>\$ 614</u>	<u>\$ 568</u>	<u>\$ 952</u>	<u>\$ 945</u>	<u>\$ 9,561</u>	<u>\$ 121</u>	<u>\$ 13,316</u>	<u>\$ 5,681</u>	<u>\$ 33,377</u>

Non-Cash Financing Activities:

During fiscal year 2003, the fair value of investments decreased by \$174,000 for the Transportation Self-Insurance Plan.



The Fiduciary Funds account for assets held by the State in a trustee or agent capacity.

Pension Trust Funds:

Missouri State Employees' Retirement System:

Missouri State Employees' Plan – Accounts for retirement, survivor and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

Administrative Law Judges' and Advisors' Plan – Accounts for retirement, survivor and disability benefits paid to individuals appointed as administrative law judges or legal advisors in the Division of Workers' Compensation, members of the Labor and Industrial Relations Commission and their attorneys, the chairperson of the State Board of Mediation, and administrative hearing commissioners.

Judicial Plan – Accounts for retirement, survivor and disability benefits to those serving as judges in the State of Missouri.

Highway and Transportation Employees' and Highway Patrol Retirement Plan – Accounts for retirement, survivor and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

Missouri State Employees' Deferred Compensation Incentive Plan – Accounts for retirement benefits paid to employees of the State.

Private-Purpose Trust Funds:

Alternative Care Trust – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

Johnson-Travis Memorial Trust – Accounts for all moneys, stocks and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop and maintain the gardens.

Unclaimed Property – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends and interest of banks unable to locate the owners.

Missouri State Public Employees' Deferred Compensation Plan – Accounts for deposits from State employees which are invested for the benefit of the employees until properly authorized to distribute.

Agency Funds:

State Retirement Contributions – Accounts for receipt of contributions from various State funds which are to be transferred to the Missouri State Employees' Retirement Plan Trust Fund.

Social Security Contributions – Accounts for receipt of contributions from various State funds for the State's share of social security contributions which are due to the Federal Social Security Administration.

Missouri State Employees' Deferred Compensation Incentive Plan Administration – Accounts for moneys to be used for the payment by the State to deferred compensation investment companies on behalf of qualified state employees.

Missouri Consolidated Health Care Plan Benefit – Accounts for receipt of contributions from various State funds which are to be transferred to the Missouri Consolidated Health Care Plan Fund.

Missouri State Employees' Voluntary Life Insurance – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

Program – Accounts for the receipt of various taxes, refundable deposits and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

Institution – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
June 30, 2003
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Missouri State Employees' Deferred Compensation Incentive Plan	Totals June 30, 2003
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan			
ASSETS						
Cash and Cash Equivalents	\$ 303,149	\$ 785	\$ 1,760	\$ 556	\$ ---	\$ 306,250
Investments at Fair Value	4,954,326	12,834	28,765	1,240,181	112,472	6,348,578
Receivables:						
Accounts Receivable	140,528	400	1,681	16,763	4	159,376
Interest Receivable	31,141	81	180	4,985	---	36,387
Due from Other Funds	6,544	---	---	---	469	7,013
Invested Securities Lending						
Collateral	1,247,085	3,231	7,241	---	---	1,257,557
Prepaid Expenses	47	---	---	2	---	49
Capital Assets:						
Land	265	---	2	84	---	351
Buildings	3,305	9	19	562	---	3,895
Equipment	1,899	5	11	81	---	1,996
Accumulated Depreciation	(1,888)	(5)	(11)	(39)	---	(1,943)
Total Capital Assets, Net	3,581	9	21	688	---	4,299
 Total Assets	 6,686,401	 17,340	 39,648	 1,263,175	 112,945	 8,119,509
LIABILITIES						
Accounts Payable	248,865	645	1,445	21,569	---	272,524
Securities Lending Collateral	1,246,867	3,230	7,239	---	---	1,257,336
Compensated Absences	250	---	2	56	---	308
 Total Liabilities	 1,495,982	 3,875	 8,686	 21,625	 ---	 1,530,168
 Net Assets Held in Trust for Pension Benefits	 \$ 5,190,419	 \$ 13,465	 \$ 30,962	 \$ 1,241,550	 \$ 112,945	 \$ 6,589,341

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Missouri State Employees' Deferred Compensation Incentive Plan	Totals June 30, 2003
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan			
Additions:						
Contributions:						
Employer	\$ 156,576	\$ 951	\$ 20,802	\$ 82,039	\$ 11,594	\$ 271,962
Plan Member	3,691	---	---	533	---	4,224
Other	53	---	---	---	28,601	28,654
Investment Earnings:						
Net Increase in the						
Fair Value of Investments	193,732	502	1,125	129,261	178	324,798
Interest, Dividends, Other	153,544	398	891	35,708	2,793	193,334
Securities Lending Income	18,884	49	110	129	---	19,172
Total Investment Earnings	<u>366,160</u>	<u>949</u>	<u>2,126</u>	<u>165,098</u>	<u>2,971</u>	<u>537,304</u>
Less Investment Expenses:						
Investment Activity Expense	(18,298)	(47)	(106)	(3,012)	---	(21,463)
Securities Lending Expense	(14,961)	(39)	(87)	---	---	(15,087)
Net Loss from Sale of						
Investments	---	---	---	(125,560)	---	(125,560)
Total Investment Expense	<u>(33,259)</u>	<u>(86)</u>	<u>(193)</u>	<u>(128,572)</u>	<u>---</u>	<u>(162,110)</u>
Net Investment Earnings	<u>332,901</u>	<u>863</u>	<u>1,933</u>	<u>36,526</u>	<u>2,971</u>	<u>375,194</u>
Cost Reimbursement/						
Miscellaneous	437	1	3	---	---	441
Total Additions	<u>493,658</u>	<u>1,815</u>	<u>22,738</u>	<u>119,098</u>	<u>43,166</u>	<u>680,475</u>
Deductions:						
Benefits	319,611	970	16,870	144,334	5,761	487,546
Administrative Expenses	5,517	15	32	1,424	39	7,027
Service Transfer Payments	2,191	---	---	---	---	2,191
Depreciation	437	1	3	28	---	469
Total Deductions	<u>327,756</u>	<u>986</u>	<u>16,905</u>	<u>145,786</u>	<u>5,800</u>	<u>497,233</u>
Change in Net Assets	165,902	829	5,833	(26,688)	37,366	183,242
Net Assets Held in Trust for Pension Benefits						
Beginning of Year	<u>5,024,517</u>	<u>12,636</u>	<u>25,129</u>	<u>1,268,238</u>	<u>75,579</u>	<u>6,406,099</u>
End of Year	<u>\$ 5,190,419</u>	<u>\$ 13,465</u>	<u>\$ 30,962</u>	<u>\$ 1,241,550</u>	<u>\$ 112,945</u>	<u>\$ 6,589,341</u>

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2003
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Employees' Deferred Compensation Plan	Missouri State Public	Totals
					June 30, 2003	
ASSETS						
Cash and Cash Equivalents	\$ 2,972	\$ 20	\$ 2,925	\$ 2,505	\$ 8,422	
Investments at Fair Value	---	10	---	742,671	742,681	
Interest Receivable	11	---	---	---	---	11
Advance to Other Funds	---	---	49,552	---	49,552	
Equipment	---	---	18	---	18	
Less: Accumulated Depreciation	---	---	(13)	---	(13)	
Total Assets	<u>2,983</u>	<u>30</u>	<u>52,482</u>	<u>745,176</u>	<u>800,671</u>	
LIABILITIES						
Accounts Payable	903	---	---	---	---	903
Escheats/Unclaimed Property	---	---	52,482	---	52,482	
Total Liabilities	<u>903</u>	<u>---</u>	<u>52,482</u>	<u>---</u>	<u>53,385</u>	
NET ASSETS						
Net Assets Held in Trust for Other Purposes	<u>\$ 2,080</u>	<u>\$ 30</u>	<u>\$ ---</u>	<u>\$ 745,176</u>	<u>\$ 747,286</u>	

STATE OF MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2003

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Missouri State Public Employees' Deferred Compensation Plan	Totals June 30, 2003
Additions:					
Contributions:					
Plan Member	\$ ---	\$ ---	\$ ---	\$ 63,183	\$ 63,183
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(75,490)	(75,490)
Interest	71	2	62	21,424	21,559
Net Gain on Sale of Investments	---	---	---	12,399	12,399
Unclaimed Property	---	---	23,266	---	23,266
Cost Reimbursement/Miscellaneous	11,193	---	---	---	11,193
Transfers In	---	---	147	---	147
Total Additions	11,264	2	23,475	21,516	56,257
Deductions:					
Administrative Expenses	23	---	249	---	272
Program Distributions	11,000	---	---	65,261	76,261
Depreciation	---	---	4	---	4
Transfers Out	---	---	27,538	---	27,538
Total Deductions	11,023	---	27,791	65,261	104,075
Change in Net Assets	241	2	(4,316)	(43,745)	(47,818)
Net Assets - Beginning	1,839	28	4,316	788,921	795,104
Net Assets - Ending	<u><u>\$ 2,080</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 745,176</u></u>	<u><u>\$ 747,286</u></u>

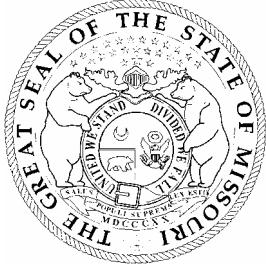
STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2003
(In Thousands of Dollars)

	State Retirement Contributions	Social Security Contributions	Missouri State Employees' Deferred Compensation Incentive Plan Administration	Missouri Consolidated Health Care Plan Benefit	Program	Institution	Totals June 30, 2003
ASSETS							
Cash and Cash Equivalents	\$ ---	\$ 110	\$ 1	\$ 11	\$ 32,025	\$ 14,645	\$ 46,792
Investments at Fair Value	---	---	---	---	245,418	1,258	246,676
Receivables:							
Accounts Receivable	---	---	---	---	177,490	---	177,490
Interest Receivable	---	---	---	---	179	---	179
Due from Other Funds	6,667	5,651	468	10,370	---	---	23,156
Total Assets	<u>\$ 6,667</u>	<u>\$ 5,761</u>	<u>\$ 469</u>	<u>\$ 10,381</u>	<u>\$ 455,112</u>	<u>\$ 15,903</u>	<u>\$ 494,293</u>
LIABILITIES							
Accounts Payable	\$ ---	\$ ---	\$ ---	\$ ---	\$ 24	\$ ---	\$ 24
Due to Other Entities	---	5,761	---	---	425,334	---	431,095
Due to Individuals	---	---	---	---	28,379	15,903	44,282
Due to Other Funds	6,667	---	469	10,381	1,375	---	18,892
Total Liabilities	<u>\$ 6,667</u>	<u>\$ 5,761</u>	<u>\$ 469</u>	<u>\$ 10,381</u>	<u>\$ 455,112</u>	<u>\$ 15,903</u>	<u>\$ 494,293</u>

NOTE: The Missouri State Employees' Voluntary Life Insurance is not included in the Agency Funds Combining Balance Sheet because there were no assets or liabilities at June 30, 2003.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
STATE RETIREMENT CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 173,843	\$ 173,843	\$ ---
Due from Other Funds	\$ 8,576	\$ 6,667	\$ 8,576	\$ 6,667
Total Assets	<u>\$ 8,576</u>	<u>\$ 180,510</u>	<u>\$ 182,419</u>	<u>\$ 6,667</u>
LIABILITIES				
Due to Other Funds	<u>\$ 8,576</u>	<u>\$ 516,223</u>	<u>\$ 518,132</u>	<u>\$ 6,667</u>
SOCIAL SECURITY CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 31	\$ 140,095	\$ 140,016	\$ 110
Due from Other Funds	\$ 5,753	\$ 5,651	\$ 5,753	\$ 5,651
Total Assets	<u>\$ 5,784</u>	<u>\$ 145,746</u>	<u>\$ 145,769</u>	<u>\$ 5,761</u>
LIABILITIES				
Due to Other Entities	<u>\$ 5,784</u>	<u>\$ 425,920</u>	<u>\$ 425,943</u>	<u>\$ 5,761</u>
DEFERRED COMPENSATION				
INCENTIVE PLAN ADMINISTRATION				
ASSETS				
Cash and Cash Equivalents	\$ 1	\$ 11,725	\$ 11,725	\$ 1
Due from Other Funds	\$ 486	\$ 468	\$ 486	\$ 468
Total Assets	<u>\$ 487</u>	<u>\$ 12,193</u>	<u>\$ 12,211</u>	<u>\$ 469</u>
LIABILITIES				
Due to Other Funds	<u>\$ 487</u>	<u>\$ 35,638</u>	<u>\$ 35,656</u>	<u>\$ 469</u>
MISSOURI CONSOLIDATED HEALTH CARE PLAN BENEFIT				
ASSETS				
Cash and Cash Equivalents	\$ 12	\$ 262,824	\$ 262,825	\$ 11
Due from Other Funds	\$ 8,677	\$ 10,370	\$ 8,677	\$ 10,370
Total Assets	<u>\$ 8,689</u>	<u>\$ 273,194</u>	<u>\$ 271,502</u>	<u>\$ 10,381</u>
LIABILITIES				
Due to Other Funds	<u>\$ 8,689</u>	<u>\$ 730,460</u>	<u>\$ 728,768</u>	<u>\$ 10,381</u>
MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE PROGRAM				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 749	\$ 749	\$ ---
LIABILITIES				
Due to Other Entities	<u>\$ ---</u>	<u>\$ 749</u>	<u>\$ 749</u>	<u>\$ ---</u>
ASSETS				
Cash and Cash Equivalents	\$ 54,003	\$ 3,191,791	\$ 3,213,769	\$ 32,025
Investments at Fair Value	\$ 252,762	\$ 1,172,155	\$ 1,179,499	\$ 245,418
Receivables:				
Accounts Receivable	138,111	53,578	14,199	177,490
Interest Receivable	361	2,189	2,371	179
Total Assets	<u>\$ 445,237</u>	<u>\$ 4,419,713</u>	<u>\$ 4,409,838</u>	<u>\$ 455,112</u>
LIABILITIES				
Accounts Payable	\$ 22	\$ 8,880	\$ 8,878	\$ 24
Due to Other Entities	387,387	3,542,073	3,504,126	425,334
Due to Individuals	52,147	873,126	896,894	28,379
Due to Other Funds	2,479	1,375	2,479	1,375
Advance from Component Units	3,202	---	3,202	---
Total Liabilities	<u>\$ 445,237</u>	<u>\$ 4,425,454</u>	<u>\$ 4,415,579</u>	<u>\$ 455,112</u>
INSTITUTION				
ASSETS				
Cash and Cash Equivalents	\$ 16,645	\$ 125,976	\$ 127,976	\$ 14,645
Investments at Fair Value	969	389	100	1,258
Total Assets	<u>\$ 17,614</u>	<u>\$ 126,365</u>	<u>\$ 128,076</u>	<u>\$ 15,903</u>
LIABILITIES				
Due to Individuals	<u>\$ 17,614</u>	<u>\$ 126,365</u>	<u>\$ 128,076</u>	<u>\$ 15,903</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 70,692	\$ 3,907,003	\$ 3,930,903	\$ 46,792
Investments at Fair Value	253,731	\$ 1,172,544	\$ 1,179,599	\$ 246,676
Receivables:				
Accounts Receivable	138,111	53,578	14,199	177,490
Interest Receivable	361	2,189	2,371	179
Due from Other Funds	23,492	23,156	23,492	23,156
Total Assets	<u>\$ 486,387</u>	<u>\$ 5,158,470</u>	<u>\$ 5,150,564</u>	<u>\$ 494,293</u>
LIABILITIES				
Accounts Payable	\$ 22	\$ 8,880	\$ 8,878	\$ 24
Due to Other Entities	393,171	3,968,742	3,930,818	431,095
Due to Individuals	69,761	999,491	1,024,970	44,282
Due to Other Funds	20,231	1,283,696	1,285,035	18,892
Advance from Component Units	3,202	---	3,202	---
Total Liabilities	<u>\$ 486,387</u>	<u>\$ 6,260,809</u>	<u>\$ 6,252,903</u>	<u>\$ 494,293</u>



The Component Units account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.

Non-Major Component Units:

Proprietary Funds:

Development Finance Board – Accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

Agricultural and Small Business Development Authority – Accounts for moneys from bond proceeds, gifts and grants to make loans for property acquisitions/renovations and pollution control facilities.

Fulton 54 Transportation Corporation – Accounts for moneys from bond proceeds to pay for an overpass at the intersection of Route HH and U.S. Highway 54.

Missouri Transportation Finance Corporation – Accounts for moneys from federal, state or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Highway 63 Transportation Corporation – Accounts for moneys from sales tax proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation – Accounts for moneys from bond proceeds to promote and develop public transportation facilities under the Missouri Transportation Corporation Act.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
June 30, 2003
(In Thousands of Dollars)

	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals
ASSETS									
Current Assets:									
Cash and Cash Equivalents	\$ 697	\$ 4,881	\$ ---	\$ 4,612	\$ 5,689	\$ 420	\$ ---	\$ ---	\$ 16,299
Investments	20,878	---	---	---	---	---	---	---	20,878
Accounts Receivable, Net	---	14	---	---	---	---	---	---	14
Interest Receivable	299	---	20	288	2,114	---	---	---	2,721
Prepaid Items	29	---	---	---	---	---	---	---	29
Due from Other Governments	---	---	---	---	---	1,001	2,126	3,774	6,901
Due from Primary Government/Component Unit	---	---	---	6,180	2,422	---	5,000	---	13,602
Loans Receivable	1,296	518	---	1,689	---	---	---	---	3,503
Noncurrent Assets:									
Accounts Receivable, Net	---	---	1,010	---	---	---	---	---	1,010
Due from Other Governments	---	---	---	---	---	2,967	1,493	---	4,460
Advance to Primary Government/Component Unit	7,700	---	7,695	12,742	15,223	---	8,667	8,850	60,877
Loans Receivable	8,643	3,222	---	12,005	---	---	---	---	23,870
Restricted Assets – Cash and Cash Equivalents	13,978	504	413	35,270	---	---	---	4,252	54,417
Restricted Assets – Investments	22,564	---	861	---	---	---	---	---	23,425
Deferred Charges	17	---	---	---	---	---	---	187	204
Capital Assets:									
Construction in Progress	1,684	---	---	---	---	---	---	---	1,684
Land	8,040	---	---	---	---	---	---	---	8,040
Buildings	19,609	---	---	---	---	---	---	---	19,609
Equipment	138	---	---	---	---	---	---	---	138
Less Accumulated Depreciation	(1,353)	---	---	---	---	---	---	---	(1,353)
Total Capital Assets (Net of Accumulated Depreciation)	28,118	---	---	---	---	---	---	---	28,118
Total Assets	104,219	9,139	9,999	72,786	25,448	4,388	17,286	17,063	260,328
LIABILITIES									
Current Liabilities:									
Accounts Payable	55	127	---	3	2	3	---	---	190
Due to Primary Government/Component Unit	---	603	---	---	---	1,146	1,180	---	2,929
Deferred Revenue	5,000	---	---	---	2,108	---	---	80	7,188
Interest Payable	22	---	137	---	391	---	316	238	1,104
Bonds Payable	---	---	---	---	2,220	---	5,630	80	7,930
Noncurrent Liabilities:									
Advance from Primary Government/ Component Unit	---	4,193	---	---	6,000	3,333	1,690	---	15,216
Deferred Revenue	---	---	1,010	---	---	---	---	3,694	4,704
Deposits and Reserves	20,191	---	---	---	---	---	---	---	20,191
Bonds Payable	28,800	---	8,705	---	12,695	---	8,470	12,510	71,180
Total Liabilities	54,068	4,923	9,852	3	23,416	4,482	17,286	16,602	130,632
NET ASSETS									
Invested in Capital Assets, Net	28,118	---	---	---	---	---	---	---	28,118
Restricted for:									
Other Purposes	---	3,560	---	---	---	---	---	---	3,560
Unrestricted	22,033	656	147	72,783	2,032	(94)	---	461	98,018
Total Net Assets	\$ 50,151	\$ 4,216	\$ 147	\$ 72,783	\$ 2,032	\$ (94)	\$ ---	\$ 461	\$ 129,696

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2003
(In Thousands of Dollars)

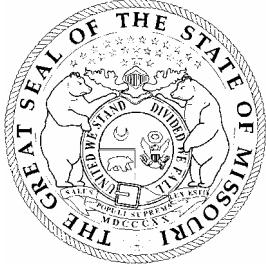
	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals
									June 30, 2003
Operating Revenues:									
Licenses, Fees and Permits	\$ 774	\$ 273	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,047
Interest on Receivables	827	---	67	967	531	---	---	559	2,951
Leases and Rentals	812	---	---	---	---	---	---	---	812
Cost Reimbursement/Miscellaneous	1	---	371	---	---	4,499	738	80	5,689
Total Operating Revenues	<u>2,414</u>	<u>273</u>	<u>438</u>	<u>967</u>	<u>531</u>	<u>4,499</u>	<u>738</u>	<u>639</u>	<u>10,499</u>
Operating Expenses:									
Personal Service	498	79	---	33	---	---	---	---	610
Operations	687	42	5	10	151	117	---	5	1,017
Specific Programs	---	1,150	---	---	---	---	---	---	1,150
Interest Expense	---	---	413	---	904	1	792	633	2,743
Depreciation	490	---	---	---	---	---	---	---	490
Amortization	4	---	---	---	---	---	---	22	26
Other Charges	30	---	---	1	---	4,479	---	---	4,510
Total Operating Expenses	<u>1,709</u>	<u>1,271</u>	<u>418</u>	<u>44</u>	<u>1,055</u>	<u>4,597</u>	<u>792</u>	<u>660</u>	<u>10,546</u>
Operating Income (Loss)	<u>705</u>	<u>(998)</u>	<u>20</u>	<u>923</u>	<u>(524)</u>	<u>(98)</u>	<u>(54)</u>	<u>(21)</u>	<u>(47)</u>
Non-Operating Revenues:									
Contributions and Intergovernmental	10,000	1,986	---	---	---	---	---	---	11,986
Investment Earnings:									
Decrease in Fair Value of Investments	---	---	(23)	---	---	---	---	---	(23)
Interest	256	215	---	672	---	4	---	138	1,285
Total Non-Operating Revenues	<u>10,256</u>	<u>2,201</u>	<u>(23)</u>	<u>672</u>	<u>---</u>	<u>4</u>	<u>---</u>	<u>138</u>	<u>13,248</u>
Income (Loss) Before Transfers	10,961	1,203	(3)	1,595	(524)	(94)	(54)	117	13,201
Transfers Out	---	(10)	---	---	---	---	---	---	(10)
Change in Net Assets	10,961	1,193	(3)	1,595	(524)	(94)	(54)	117	13,191
Total Net Assets - Beginning	<u>39,190</u>	<u>3,023</u>	<u>150</u>	<u>71,188</u>	<u>2,556</u>	<u>---</u>	<u>54</u>	<u>344</u>	<u>116,505</u>
Total Net Assets - Ending	<u>\$ 50,151</u>	<u>\$ 4,216</u>	<u>\$ 147</u>	<u>\$ 72,783</u>	<u>\$ 2,032</u>	<u>\$ (94)</u>	<u>\$ ---</u>	<u>\$ 461</u>	<u>\$ 129,696</u>

**STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS**
June 30, 2003
(In Thousands of Dollars)

	Development Finance Board	Agriculture and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Missouri Highway 63 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals
									June 30, 2003
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 4,052	\$ 273	\$ ---	\$ 1,024	\$ 534	\$ 511	\$ ---	\$ 559	\$ 6,953
Loans Made to Outside Entities	---	584	---	---	---	---	---	---	584
Payments to Vendors and Suppliers	(814)	(50)	(5)	(12)	(151)	(114)	---	(14)	(1,160)
Payments to Employees	(496)	(79)	---	(33)	---	---	---	---	(608)
Payments to Tax Credit Projects	(6,692)	---	---	---	---	---	---	---	(6,692)
Payments Made for Program Expenses	---	(1,150)	---	---	---	---	---	---	(1,150)
Payments Made for Interest Expenses	---	---	(413)	---	(780)	---	(951)	(567)	(2,711)
Other Receipts	---	---	418	1,716	---	19	738	80	2,971
Net Cash Provided (Used) by Operating Activities	(3,950)	(422)	---	2,695	(397)	416	(213)	58	(1,813)
Cash Flows from Non-Capital Financing Activities:									
Loans Receivable Principal Receipts	18,095	---	---	---	---	---	---	---	18,095
Loans Receivable Issuance	(377)	---	---	---	---	---	---	---	(377)
Due to/from Primary Government	---	(141)	---	---	---	---	2,754	---	2,613
Advance to/from Other Funds, Entities, and Primary Government	---	1,986	---	(4,052)	(3,552)	---	4,990	(1)	(629)
Transfers to Other Funds	---	(10)	---	---	---	---	---	---	(10)
Net Cash Provided (Used) by Non-Capital Financing Activities	17,718	1,835	---	(4,052)	(3,552)	---	7,744	(1)	19,692
Cash Flows from Capital and Related Financing Activities:									
Interest Expense	(641)	(73)	---	---	---	---	---	---	(714)
Purchases, Construction, Contributions of Capital Assets	6,688	---	---	---	---	---	---	---	6,688
Bond Issuance	---	---	---	---	---	---	---	---	---
Bond Principal Payments	(13,455)	---	---	---	(2,130)	---	(7,585)	(80)	(23,250)
Loan Proceeds	---	---	---	---	6,000	---	---	---	6,000
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,408)	(73)	---	---	3,870	---	(7,585)	(80)	(11,276)
Cash Flows from Investing Activities:									
Proceeds from Investment Maturities	76,327	---	---	---	---	---	---	---	76,327
Purchase of Investments	(79,704)	---	---	---	---	---	---	---	(79,704)
Interest and Dividends Received	579	288	---	672	---	4	---	138	1,681
Net Cash Provided (Used) by Investing Activities	(2,798)	288	---	672	---	4	---	138	(1,696)
Net Increase (Decrease) in Cash	3,562	1,628	---	(685)	(79)	420	(54)	115	4,907
Cash - Beginning of Year	11,113	3,757	413	40,567	5,768	---	54	4,137	65,809
Cash - End of Year	\$ 14,675	\$ 5,385	\$ 413	\$ 39,882	\$ 5,689	\$ 420	\$ ---	\$ 4,252	\$ 70,716
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:									
Operating Income (Loss)	\$ 705	\$ (998)	\$ 20	\$ 923	\$ (524)	\$ (98)	\$ (54)	\$ (21)	\$ (47)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:									
Depreciation/Amortization Expense	494	---	---	---	---	---	---	22	516
Changes in Assets and Liabilities:									
Accounts Receivables	---	1	---	---	---	---	---	---	1
Interest Receivable	1,562	---	(20)	57	453	---	---	---	2,052
Prepaid Items	(441)	---	---	---	---	---	---	---	(441)
Due to/from and Advances to/from Other Governments	---	---	---	---	---	511	---	80	591
Loans Receivable	---	584	---	1,717	---	3	---	---	2,301
Accounts Payable	421	(9)	---	(2)	---	---	---	(9)	404
Deferred Revenues	(1,046)	---	---	---	(450)	---	---	(80)	(1,576)
Deposits and Reserves	(5,645)	---	---	---	---	---	---	---	(5,645)
Interest Payable	---	---	---	---	124	---	(159)	66	31
Net Cash Provided (Used) by Operating Activities	\$ (3,950)	\$ (422)	\$ ---	\$ 2,695	\$ (397)	\$ 416	\$ (213)	\$ 58	\$ (1,813)

Non-Cash Financing Activities

During fiscal year 2003, the fair value of investments decreased \$23,000 for the Fulton 54 Transportation Corporation.- 134 -



The Statistical Section presentations include comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.

STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars)

Revenues by Source	Fiscal Years Ended June 30									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Taxes	\$ 8,689,235	\$ 8,596,690	\$ 8,894,790	\$ 8,115,787	\$ 8,711,625	\$ 7,885,370	\$ 7,595,565	\$ 7,151,671	\$ 6,810,041	\$ 5,770,220
Licenses, Fees and Permits	557,930	543,824	558,439	509,953	516,032	517,813	506,412	463,290	435,032	395,488
Sales	13,911	16,082	22,525	21,528	21,919	20,100	20,583	24,454	20,828	17,379
Leases and Rentals	551	732	7,275	2,202	4,907	4,597	3,715	5,556	3,706	3,261
Services	190,662	152,232	131,283	161,184	208,680	209,765	211,750	137,751	221,453	204,451
Contributions and Intergov- ernmental	7,112,430	6,435,840	5,720,071	5,349,315	4,970,880	4,503,133	4,021,224	4,095,494	4,042,760	3,448,419
Investment Earnings, Penalties and Unclaimed Properties	86,983	122,896	181,949	186,289	192,987	206,074	178,371	151,582	110,882	72,653
Miscellaneous Revenues	554,197	783,035	821,560	307,321	114,615	92,465	91,257	110,761	103,735	93,759
Total Revenues	<u>17,205,899</u>	<u>16,651,331</u>	<u>16,337,892</u>	<u>14,653,579</u>	<u>14,741,645</u>	<u>13,439,317</u>	<u>12,628,877</u>	<u>12,140,559</u>	<u>11,748,437</u>	<u>10,005,630</u>
Expenditures by Function										
General Government	505,556	521,915	476,351	365,872	839,252	446,466	404,239	370,800	353,095	332,861
Education	5,299,208	4,544,947	4,346,419	4,096,797	3,878,866	3,742,716	3,474,767	3,234,542	2,973,917	2,777,888
Natural and Economic Resources	513,127	536,194	553,760	484,432	490,761	494,247	460,792	431,458	452,230	436,465
Transportation and Law Enforcement	911,932	861,789	829,251	766,534	1,501,163	1,336,898	1,366,067	1,299,962	1,252,627	1,273,238
Human Services	8,487,926	7,988,081	7,540,546	6,668,492	6,433,590	5,663,384	5,151,585	4,973,129	4,835,118	3,976,063
Capital Outlay	1,268,908	1,308,980	1,228,401	1,281,802	314,903	335,027	404,043	302,058	220,250	140,320
Debt Service	255,169	189,276	166,971	150,851	126,674	138,946	202,245	132,174	117,150	107,170
Article X Distribution	5,950	571,652	98,856	178,842	318,792	376,283	---	---	---	---
Intergov- ernmental	<u>592,168</u>	<u>---</u>	<u>439,442</u>	<u>457,744</u>	<u>358,181</u>	<u>334,252</u>	<u>363,882</u>	<u>349,327</u>	<u>322,179</u>	<u>233,465</u>
Total Expenditures	<u>17,839,944</u>	<u>16,522,834</u>	<u>15,679,997</u>	<u>14,451,366</u>	<u>14,262,182</u>	<u>12,868,219</u>	<u>11,827,620</u>	<u>11,093,450</u>	<u>10,526,566</u>	<u>9,277,470</u>
Excess Revenues	<u>\$ (634,045)</u>	<u>\$ 128,497</u>	<u>\$ 657,895</u>	<u>\$ 202,213</u>	<u>\$ 479,463</u>	<u>\$ 571,098</u>	<u>\$ 801,257</u>	<u>\$ 1,047,109</u>	<u>\$ 1,221,871</u>	<u>\$ 728,160</u>

(1) Includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
GENERAL FUND – GENERAL
For the Last Ten Fiscal Years
(In Thousands of Dollars)

Revenues by Source	Fiscal Years Ended June 30									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Taxes	\$ 6,506,760	\$ 6,545,160	\$ 6,796,005	\$ 6,127,541	\$ 6,740,665	\$ 6,019,057	\$ 5,830,807	\$ 5,507,457	\$ 5,248,525	\$ 4,388,462
Licenses, Fees and Permits	64,945	65,123	65,581	64,061	53,802	51,138	48,373	46,721	45,186	44,886
Sales	984	783	748	825	1,187	1,177	1,164	2,418	1,572	1,657
Leases and Rentals	314	411	5,909	870	650	537	122	487	408	118
Services	138,916	122,859	100,397	102,948	203,545	209,422	211,476	137,498	191,176	197,235
Contributions and Intergov- ernmental	1,113,028	704,966	694,938	240,677	599,422	549,649	413,094	477,080	803,981	269,301
Investment Earnings, Penalties and Unclaimed Properties	28,811	54,692	81,265	96,576	108,285	119,789	104,947	84,870	58,685	34,837
Miscellaneous Revenues	187,395	392,256	249,850	36,607	24,090	20,910	16,354	33,291	26,363	27,107
Total Revenues	<u>8,041,153</u>	<u>7,886,250</u>	<u>7,994,693</u>	<u>6,670,105</u>	<u>7,731,646</u>	<u>6,971,679</u>	<u>6,626,337</u>	<u>6,289,822</u>	<u>6,375,896</u>	<u>4,963,603</u>
Expenditures by Function										
General Government	423,456	434,817	379,780	264,579	748,230	375,332	330,882	302,813	293,870	280,562
Education	1,062,014	430,398	455,434	539,009	732,129	680,582	609,344	631,686	567,868	519,484
Natural and Economic Resources	54,014	60,290	75,909	77,663	76,679	59,388	54,685	68,650	49,160	45,655
Transportation and Law Enforcement	53,740	53,593	62,160	59,796	55,505	54,931	43,792	37,493	31,629	29,179
Human Services	4,276,203	4,013,189	3,873,992	2,978,688	3,276,374	2,922,627	2,694,660	2,474,625	2,741,580	2,046,075
Capital Outlay	97,789	81,019	171,240	225,090	141,148	143,947	187,816	126,915	79,236	38,186
Debt Service	104,846	46,440	41,937	33,868	14,065	23,889	98,999	37,785	31,035	29,089
Article X Distribution	5,950	---	98,856	178,842	318,792	376,283	---	---	---	---
Intergov- ernmental	<u>89,621</u>	<u>90,833</u>	<u>76,277</u>	<u>84,694</u>	<u>67,535</u>	<u>48,691</u>	<u>51,812</u>	<u>41,840</u>	<u>35,683</u>	<u>33,580</u>
Total Expenditures	<u>6,167,633</u>	<u>5,210,579</u>	<u>5,235,585</u>	<u>4,442,229</u>	<u>5,430,457</u>	<u>4,685,670</u>	<u>4,071,990</u>	<u>3,721,807</u>	<u>3,830,061</u>	<u>3,021,810</u>
Excess Revenues	<u>\$ 1,873,520</u>	<u>\$ 2,675,671</u>	<u>\$ 2,759,108</u>	<u>\$ 2,227,876</u>	<u>\$ 2,301,189</u>	<u>\$ 2,286,009</u>	<u>\$ 2,554,347</u>	<u>\$ 2,568,015</u>	<u>\$ 2,545,835</u>	<u>\$ 1,941,793</u>

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI
TAXES**

The Constitution of Missouri, Article X, Section 8, provides general guidelines for property taxes within the State. It limits the State tax on real and tangible personal property to ten cents on each hundred dollars assessed valuation, excluding any tax necessary to pay any bonded debt of the State.

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and tangible personal property in the State. This tax collects approximately twenty-two million dollars a year and is paid into the Blind Pension Fund, a Special Revenue Fund.

Assessed and Estimated Actual Value of Taxable Property
For the Last Ten Years
(In Thousands of Dollars)

Year (3)	Assessed Value			Total Taxable Property	
	Real Estate	Tangible Personal Property	Distributable Property of Public Utility Companies	Assessed Value (1)	Estimated Actual Value (2)
2002	\$ 48,990,936	\$ 16,827,556	\$ 3,523,243	\$ 69,341,735	\$ 296,021,155
2001	48,091,934	16,630,805	3,648,150	68,370,889	291,443,564
2000	43,450,656	15,893,447	3,531,220	62,875,323	267,060,094
1999	42,064,375	14,797,778	3,461,735	60,323,888	257,151,302
1998	39,066,562	13,961,314	3,279,016	56,306,892	239,898,361
1997	37,902,282	13,236,610	3,249,863	54,388,755	232,113,244
1996	34,138,325	12,458,792	3,153,027	49,750,144	211,382,255
1995	33,181,619	11,269,545	3,078,181	47,529,345	202,537,140
1994	31,335,588	10,199,469	3,059,585	44,594,642	187,664,425
1993	30,668,645	9,649,537	2,958,271	43,276,453	182,352,275

(1) Data Source: State Tax Commission of Missouri.

(2) Based on residential property assessed at 19%, agricultural property assessed at 12% and commercial property assessed at 32%.

(3) The data for 2003 was not available at publication date.

**STATE OF MISSOURI
DEBT**

The limitations on State debts and bond issues are contained in the Constitution of Missouri, Article III, Section 37. This section restricts the general assembly from contracting or authorizing the contracting of any liability of the State or the issuing of bonds therefore, except:

1. To refund outstanding bonds, the refunding bonds must have a maturity date of not more than twenty-five years from the date of issue.
2. Upon the recommendation of the governor for a temporary liability incurred by an unforeseen emergency or casual deficiency in revenues for an amount not to exceed one million dollars for any one year and to be paid in five years or less.
3. When the liability exceeds one million dollars, the general assembly as on constitutional amendments, or the people by the initiative, may submit a measure containing the amount, purpose and terms of the liability and if the measure is approved by a majority of those voting the liability may be incurred.

**Computation of Legal Debt Margin
June 30, 2003
(In Thousands of Dollars)**

General Obligation Bonds Authorized	\$ 1,775,000
Unforeseen Emergency or Casual Deficiency	1,000
Less General Obligation Bonds Issued	<u>1,439,494</u>
Legal Debt Margin	<u>\$ 336,506</u>

STATE OF MISSOURI
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED
DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUNDS (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio Data)

<u>For the Fiscal Year Ended June 30</u>	<u>Debt Service</u>	<u>Total Expenditures</u>	<u>Ratio</u>
2003	\$ 255,169	\$ 17,839,944	1.43%
2002	189,276	16,522,834	1.15
2001	166,971	15,679,997	1.06
2000	150,851	14,451,366	1.04
1999	126,674	14,262,182	0.89
1998	138,946	12,868,219	1.08
1997	202,245	11,106,474	1.82
1996	132,174	11,093,450	1.19
1995	117,150	10,526,566	1.11
1994	107,170	9,277,470	1.16

(1) Includes General, Special Revenue, Debt Service, Capital Projects Funds, and Permanent Funds.

STATE OF MISSOURI
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL BONDED DEBT PER CAPITA
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio and Per Capita Data)

For the Fiscal Year Ended June 30	Population (1)	Assessed Value (2)	General Bonded Debt			Net General Bonded Debt	
			Total	Less Debt Service Monies Available	Net	Ratio to Assessed Value	Per Capita
2003	5,698	\$ N/A	\$ 2,311,700	\$ 80,130	\$ 2,231,570	N/A	\$ 391.64
2002	5,673	69,341,735	1,978,210	88,970	\$ 1,889,240	2.72	333.02
2001	5,637	68,370,889	1,612,340	90,477	1,521,863	2.23	269.98
2000	5,605	62,875,323	1,269,225	63,002	1,206,223	1.92	215.20
1999	5,562	60,323,888	1,273,113	64,610	1,208,503	2.00	217.28
1998	5,522	56,306,892	1,333,318	60,205	1,273,113	2.26	230.55
1997	5,481	54,388,755	1,288,678	58,746	1,229,932	2.26	224.40
1996	5,432	49,750,144	1,187,926	56,055	1,131,871	2.28	208.37
1995	5,378	47,529,345	1,255,827	50,852	1,204,975	2.54	224.06
1994	5,324	44,594,642	1,194,306	50,387	1,143,919	2.57	214.86

Includes general obligation bonds and other bonds which relate to governmental funds.

N/A – Information not available.

Data Sources:

- (1) U.S. Department of Commerce – Bureau of Economic Analysis.
- (2) State Tax Commission of Missouri – For the year ended December 31.

**STATE OF MISSOURI
ECONOMIC DATA**

Industrial Growth

<u>Fiscal Year</u>	<u>Expanding Companies</u>	<u>New Companies</u>	<u>New Jobs</u>	<u>Investment (In Thousands)</u>
2003	44	27	7,399	\$ 695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919
1994	82	57	8,940	768,838

Data Source: Missouri Department of Economic Development.

**Bank Deposits
(In Millions)**

<u>Fiscal Year</u>	<u>State Banks</u>		<u>National Banks</u>	<u>Total Deposits</u>
2003	\$ 41,407		\$ 21,039	\$ 62,446
2002		41,184		62,952
2001		32,950		53,169
2000		29,990		60,608
1999		31,634		66,579
1998		31,111		53,481
1997		28,167		48,169
1996		29,303		63,008
1995		30,152		57,449
1994		28,939		54,588

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI
ECONOMIC DATA**

**Retail Sales by Store Group
(In Thousands)**

<u>Year</u>	<u>Food</u>	<u>General Merchandise</u>	<u>Furniture, Furnishings and Appliances</u>	<u>Automotive</u>	<u>Health/ Personal Care</u>	<u>All Other</u>	<u>Totals</u>
2003	\$ 8,023,131	\$ 10,447,515	\$ 3,369,425	\$ 20,291,535	\$ 2,669,433	\$ 15,523,282	\$ 60,324,321
2002	7,866,518	9,848,102	3,251,995	18,897,240	2,549,175	15,203,018	57,616,048
2001	7,741,561	9,676,695	3,200,033	18,572,559	2,508,497	14,946,218	56,645,563
2000	9,708,109	9,978,604	3,278,017	18,666,625	2,188,964	11,906,129	55,726,448
1999	9,912,908	9,525,196	3,210,288	16,561,707	1,892,555	10,923,604	52,026,258
1998	9,619,227	8,992,504	2,925,982	15,507,470	1,858,292	10,461,323	49,364,798
1997	10,377,890	8,578,221	2,496,712	12,683,473	1,844,231	10,626,251	46,606,778
1996	6,909,793	5,341,199	1,644,656	8,431,367	1,220,947	7,069,636	30,617,598
1995	8,430,568	6,453,336	1,984,645	10,717,139	1,547,532	7,870,303	37,003,523
1994	8,243,615	5,710,308	1,875,115	10,081,481	1,411,536	7,642,631	34,964,686

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**STATE OF MISSOURI
ECONOMIC DATA**

Privately Owned Housing Units Authorized by Building Permits

<u>Year</u>	<u>Number of Units</u>	<u>Valuation (In Thousands)</u>
2002	28,255	\$ 3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828

Data Source: U.S. Department of Commerce - Bureau of the Census.

Major Private Employers

The State's major private employers and the approximate number employed by each in 2002 were as follows:

<u>Employer</u>	<u>Number Employed</u>
1. Wal-Mart Associates, Inc.	32,500 - 35,000
2. Boeing Corporation	12,500 - 15,000
3. Washington University	12,500 - 15,000
4. Schnuck Markets, Inc.	10,000 - 12,500
5. Barnes-Jewish Hospital	7,500 - 10,000
6. May Department Stores	7,500 - 10,000
7. Ford Motor Company	7,500 - 10,000
8. Daimler Chrysler	5,000 - 7,500
9. Lester E Cox Medical	5,000 - 7,500
10. American Airlines, Inc.	5,000 - 7,500
11. SBC (Southwestern Bell) Management	5,000 - 7,500
12. Hallmark Cards	5,000 - 7,500
13. AT&T Corporation	5,000 - 7,500
14. United Parcel Service, Inc.	5,000 - 7,500
15. St. John's Regional Health Center	5,000 - 7,500

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI
DEMOGRAPHIC STATISTICS**

Population Statistics

<u>Year</u>	<u>Population (In Thousands)</u>	<u>% Change</u>	<u>% of Total</u>	
			<u>Urban</u>	<u>Rural</u>
2000	5,605	9.5%	67.8%	32.2%
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce – Bureau of the Census.

Office of Social and Economic Data Analysis: Demographics.

**School Enrollment
(In Thousands)**

<u>Academic Year</u>	<u>Elementary and Secondary Enrollment (1)</u>	<u>Higher Education Enrollment (2)</u>	<u>Totals</u>	<u>% Change From Prior Year</u>
2002-03	894	224	1,118	1.4%
2001-02	890	213	1,103	0.3
2000-01	894	206	1,100	0.2
1999-00	895	203	1,098	0.5
1998-99	895	198	1,093	0.6
1997-98	893	194	1,087	1.4
1996-97	883	189	1,072	1.1
1995-96	874	186	1,060	1.0
1994-95	862	188	1,050	0.9
1993-94	852	189	1,041	0.8

Data Sources: (1) Missouri Department of Elementary and Secondary Education.

(2) Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

STATE OF MISSOURI
DEMOGRAPHIC STATISTICS

Personal Income

Year	Missouri Total Personal Income (In Millions)	U.S. Total Personal Income (In Millions)	Missouri Per Capita Personal Income	U.S. Per Capita Personal Income	Missouri % Change From Prior Year	U.S. % Change From Prior Year
2002	\$ 164,143	\$ 8,922,320	\$ 28,936	\$ 30,941	2.5%	1.7%
2001	159,093	8,677,490	28,221	30,413	2.6	2.2
2000	154,099	8,398,871	27,493	29,760	6.3	6.7
1999	143,814	7,779,521	25,857	27,880	2.7	3.7
1998	138,987	7,418,497	25,171	26,893	5.2	5.8
1997	131,144	6,928,545	23,926	25,412	4.8	4.7
1996	123,992	6,538,103	22,828	24,270	4.4	4.4
1995	117,640	6,192,235	21,873	23,255	3.7	4.1
1994	112,314	5,878,362	21,094	22,340	4.6	3.7
1993	106,298	5,598,446	20,166	21,539	3.7	2.8

Data Source: U.S. Department of Commerce – Bureau of Economic Analysis.

Employment
(In Thousands Except Unemployment Rates Data)

Year	Civilian Labor Force	Total Employed	Total Unemployed	Missouri Unemployment Rate	U.S. Unemployment Rate
2002	2,990	2,825	165	5.5%	5.8%
2001	2,970	2,830	140	4.7	4.7
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6
1994	2,698	2,567	131	4.9	6.1
1993	2,661	2,489	172	6.5	6.9
1992	2,668	2,515	153	5.7	7.5

Data Source: Missouri State Web Page – Missouri Economic Research and Information Center and U.S. Labor Market Information Web Page.

STATE OF MISSOURI
SCHEDULE OF MISCELLANEOUS STATISTICS
As of June 30, 2003

Adoption of State Constitution 1821, 1865, 1877, 1945

Land Area (Square Miles) 68,945

Miles of State Highway 32,340

State Highway Patrol Protection:

Number of Troops (Stations)	9
Number of Commissioned Highway Patrol Officers	1,045

Higher Education:

Public Community Colleges –

Number of Campuses	18
Number of Students [average annual full-time equivalent (FTE)]	50,373
Number of Regular Term Teaching Positions (FTE)	1,220

State Technical College –

Number of Campuses	1
Number of Students (FTE)	860
Number of Regular Term Teaching Positions (FTE)	42

State Colleges/Universities –

Number of Campuses	14
Number of Regular Term Students (FTE)	98,633
Number of Regular Term Teaching Positions (FTE)	4,455

Recreation:

Number of State Parks and Historic Sites	83
Acres of State Parks and Historic Sites	139,730
Number of State Conservation Areas	1,125
Acres of State Conservation Areas	975,298

Sources:

Land Area Missouri State Manual

Miles of Highway..... Department of Transportation

State Highway Patrol Protection Department of Public Safety/Highway Patrol

Higher Education Department of Higher Education

Recreation..... Department of Conservation
Department of Natural Resources/Division of State Parks

STATE OF MISSOURI
ACKNOWLEDGEMENTS

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